"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA

ANNUAL REPORT 1967

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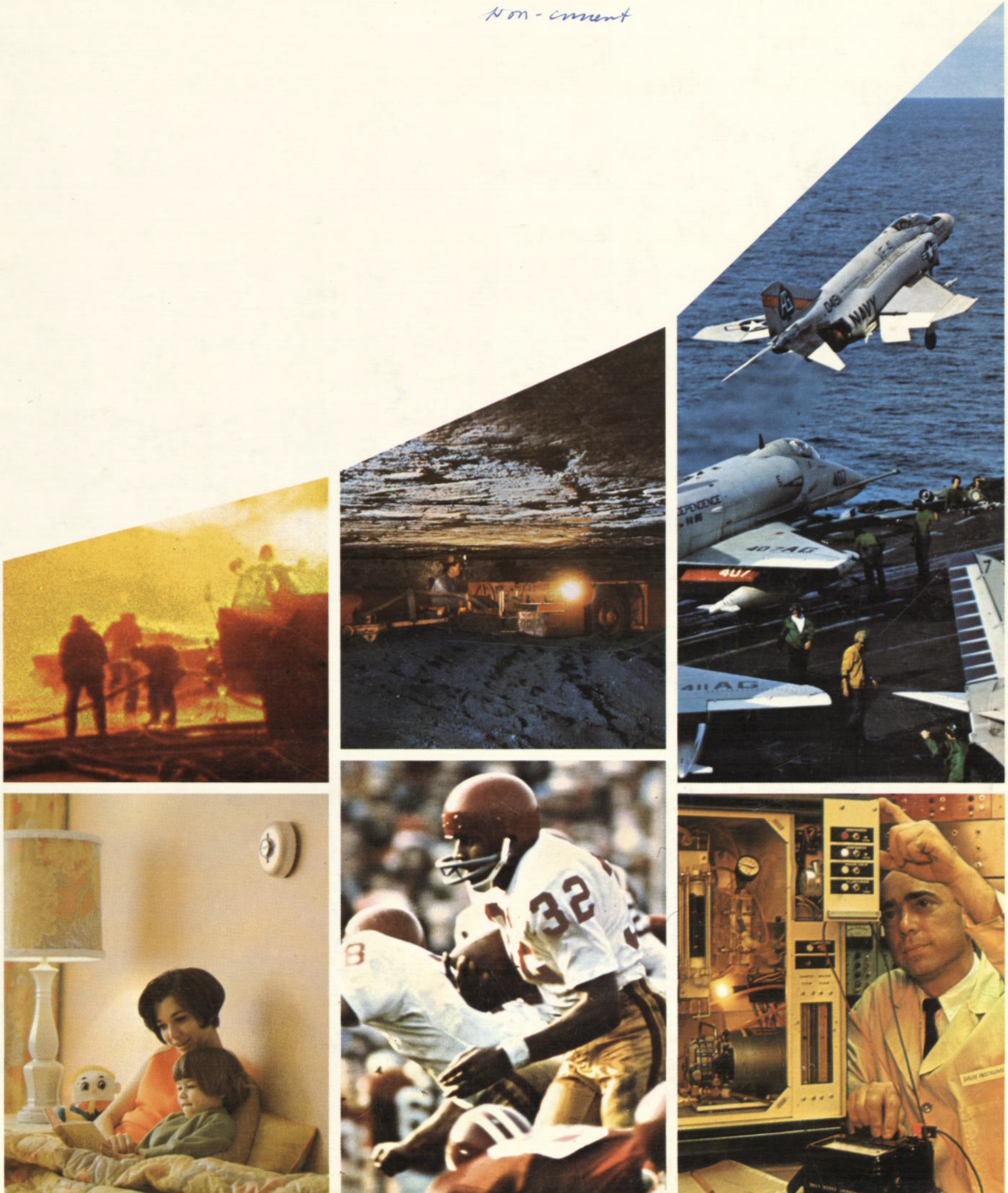
CORPORATION FILE

① Qualified opinion re: federal income taxes

② Investment in another company shown as non-current



financial highlights for the years ended December 31

	1967	1966	1965	1964
Net sales	$242,327,000	$90,655,000	$45,877,000	$25,250,000
Net income	9,193,000	4,425,000	2,150,000	1,188,000
Net income per common share (after preferred dividends and as adjusted for stock splits)	1.43	1.15	.70	.40
Common dividends	488,000	360,000	122,000	5,000
Dividends per common share	.11	.11	.04	.0024

The data for 1964, 1965 and 1966 reflect amounts previously reported in the Company's annual reports. Operations of companies acquired in pooling-of-interest transactions are reported from the beginning of the year in which the acquisition occurs.

STOCK TRANSFER AGENT:
Marine Midland Grace Trust Company of New York
140 Broadway
New York, New York 10015

REGISTRAR:
Morgan Guaranty Trust Company of New York
23 Wall Street
New York, New York 10015

CO-TRANSFER AGENT:
Union Commerce Bank
Euclid Avenue at East Ninth Street
Cleveland, Ohio 44101

CO-REGISTRAR:
Capital National Bank
1101 Euclid Avenue
Cleveland, Ohio 44115

TRUSTEE:
Old Colony Trust Co.
One Federal Street
Boston, Massachusetts 02102

LISTING OF SECURITIES:
Common Stock and Convertible Debentures—
New York Stock Exchange,
Pacific Coast Stock Exchange,
Common Stock—
Midwest Stock Exchange.

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Harry E. Figgie, Jr.
Chairman and President

to our shareholders:

We are pleased to report that "Automatic" Sprinkler Corporation today is in the strongest position in its history . . . in management, markets, growth potential, financial structure and in overall balance.

At the start of 1964, "Automatic" was a small company with basically a single product line and annual sales of approximately $22 million. At the end of 1967, only four years later, "Automatic" was a diversified, nationwide company listed on the New York Stock Exchange and composed of 26 divisions in six growth industries reporting total sales of $242,327,000. Sixteen of these divisions were acquired during the past year.

In 1967 alone, total sales increased more than $150 million over the $90.6 million reported in 1966 and the corporation entered two key new areas of operation — consumer-recreation products and defense systems and materiel.

Earnings after taxes rose from $4,425,000 reported in 1966 to $9,193,000 in 1967. Earnings per share, after provision for preferred dividends, increased from the $1.15 reported in 1966 to $1.43 at the close of the last 12 months. Four years ago our earnings per share were 40 cents.

Some other achievements of the year are also worthy of note:

- Assets increased 165% from $59,706,000 to $158,135,000.
- Working capital increased 456% from $11,330,000 to $62,994,000.
- Net worth increased 154% from $18,451,000 to $46,813,000.

Acquisitions from the start of 1967 which are detailed in this Annual Report include: Scott Industries (3 divisions); Baifield Industries; Davis Emergency Equipment; General Fittings; "Automatic" Vandalarm; Smith-Essick, (2 divisions); Interstate Engineering (3 divisions); Electronic Concepts; International Engineering; Rawlings Sporting Goods, and Advance Industrial Security.

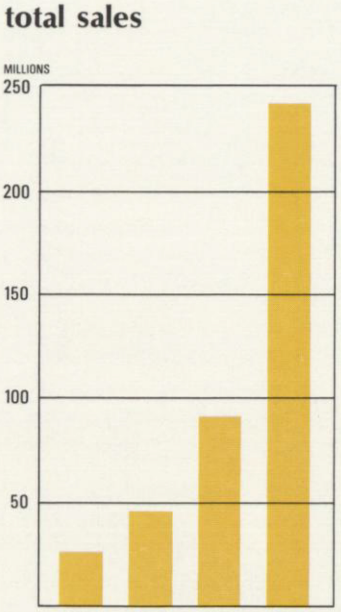
As a matter of long-range policy, we stress internal growth. From December, 1965 through December, 1966, the Company achieved 42% of its growth internally while the balance came from eight acquisitions. Last year the majority of our 167% growth in sales naturally occurred by acquisition. A growth rate of such proportions is not easily achieved without encountering normal as well as non-recurring special problems. Some of those special problems encountered and resolved during the year were:

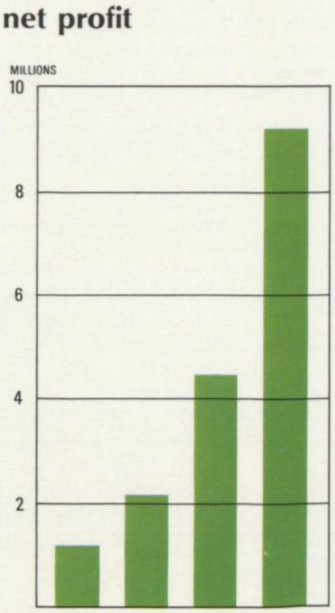
- One division closed its main plant last year after a long and costly strike and moved it to another part of the country. This created serious personnel, production and cost problems for the entire year. At the same time, a new divisional headquarters was built in a different city, which necessitated busing over 100 salaried employees daily to and from their former location. This was a round trip of some 150 miles made each day for 50 weeks and resulted in considerable turnover at our clerical level. Despite these changes, divisional sales were maintained. Earnings, however, were reduced by non-recurring expenses of over $1,000,000 before taxes. This did not include probably equal or greater indirect losses in terms of production downtime, delayed deliveries, lost contracts, and other adverse effects that are difficult to measure precisely from an accounting standpoint. This extensive effort which is now behind us is expected to achieve annual savings in this division in excess of $750,000 annually through production economies.

- Another division, acquired almost at the end of the year, had an immediate problem in that an adverse court decision against one of its distributors severely affected its consumer marketing program. This required: 1) that the management devise an entirely new marketing program late in the year as effective and successful as that used over the preceding 15 years, and 2) that it retrain all distributors and replace a number of sales representatives. Division management has made excellent progress in both these areas and anticipates that the sales rate will continue to climb until it reaches and ultimately surpasses its previous level.
- New plant start-up costs were incurred in three divisions where new capacity had to be provided because of their rapid growth since joining the "Automatic" family. While earnings were affected by start-up costs in all three divisions, this was particularly true at one division where inventory control problems and unusual start-up expenses had a severe effect on profits. The benefits of improved productivity at these divisions, however, should provide them with better profit margins and much needed capacity for continued growth.
- One division experienced a temporary 83% decline in its market. Quick and effective cost reduction programs kept this division profitable, although there was a major drop-off from initial earnings targets. With its market recovering and a much better control of its costs, this division sees a strong future recovery.
- In tightening the credit controls throughout the corporation, we took major accounts receivable writeoffs in still another division. This cleared up a problem which had existed for a number of years but was not recognized until we acquired the company and brought in the necessary management knowhow and financial controls.

All companies have problems. All have special problems. Growth companies may get a temporary influx of special problems at a greater than normal rate. However, these pass and the company is stronger for having experienced them. The net result of some of the special problems we have met and solved since 1964 is much stronger divisions. These include Badger, American LaFrance, the Sprinkler Division and "Automatic" Process Piping. Our ability to identify and solve problems will have the same beneficial impact on all the divisions we acquired in 1967.

"Automatic" greatly broadened its technical capabilities in 1967 while acquiring and introducing a number of promising new products. Among these were: a new UL-approved smoke detector for the home; a solid-state gas detection system; new dry chemical fire extinguishers for home, auto, and marine use; new scaffolding for use in plant maintenance and light construction; a special sprinkler system designed to detect and extinguish fires in 100 percent oxygen atmospheres; a patented new





baseball glove; a football helmet whose safety features will be of interest to team doctors, coaches, parents and players; some very sophisticated electronic Loran equipment; and a host of others too numerous to mention in this letter.

With such major growth, our corporate team obviously was extremely taxed. To grow from $45 to $242 million in two years and from $90 to $242 in just one, is a severe strain. However, we were alert to the needs and were developing some men from within while bringing others from outside. Three group vice presidents to head the Fire Protection, Safety and Security group, the Fluid Controls and Hydraulic Equipment group and a Special Projects Program were appointed in late 1967. These men, all of whom had been "Automatic" division heads, have assumed direct managerial responsibilities for a number of assigned divisions, thus freeing top management to spend more time in developing additional groups, to stimulate further growth and to handle any problems of a special nature. We are proud of the outstanding and demonstrated capabilities of these men and to have seen them develop within the company. Succeeding group vice president Tom Mason as division president of Fee & Mason was William Sliney, formerly sales manager of that company. Taking Mr. Paine's place at Badger was William Mahler, a former executive and associate of Mr. Paine's at General Fire Extinguisher. Mr. Tanis has retained his capacity at the Sprinkler Division and is taking on additional divisions as assigned. In addition, we added several key executives to the corporate staff in all areas. We particularly expanded the finance and control area and go into 1968 with the strongest and deepest management team that the corporation has ever had.

During the year we successfully went to market with our first convertible debenture issue. Later in the year "Automatic's" common stock was listed on the New York Stock Exchange, the Midwest Stock Exchange and the Pacific Coast Stock Exchange, obtaining a broader market for the company's shares. Today we are a Company of over 11,000 employees and more than that number of shareholders.

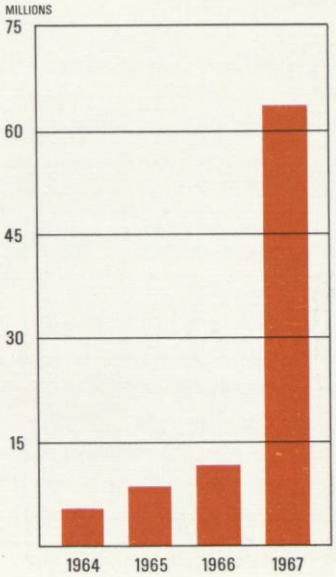
Our planning is directed to a continuing five-year growth program. Based upon the organization's determined efforts of the last four years, we are in an excellent position for continuing our corporate growth in the coming year. We are confident of making further progress in efficiency. We have developed and are currently implementing very determined and definite programs in the cost reduction area. We plan to continue to strengthen marketing and manufacturing in existing nuclei both internally and through acquisitions. We hold steadfast to our primary goal of building a major U. S. growth corporation centered in the industries we have chosen and based on the principles we have defined in prior stockholder reports..

Respectfully submitted,

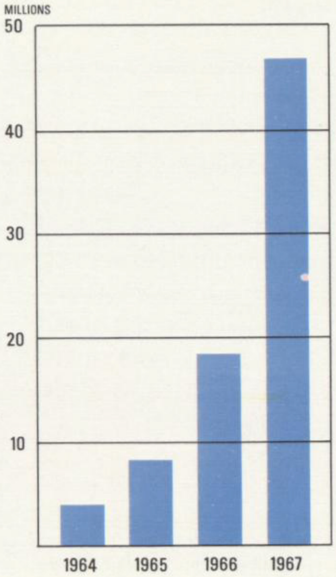
Harry E Figgie Jr.

March 29, 1968

working capital



net worth



corporate management

While corporate management was expanded to keep pace with 1967 growth and to meet future requirements for corporate service and assistance to our rapidly growing company, we are still dedicated to having a small, highly trained, highly mobile group of outstanding specialists.

This is in line with our philosophy that this corporation should and must be essentially an organization of divisional president entrepreneurs with authority decentralized at the division profit level.

Heading the management team is the board chairman and president, Harry E. Figgie, Jr. Mr. Figgie's background includes nine years as a partner with the management consulting firm of Booz, Allen & Hamilton, where he established and served as president of Booz, Allen Methods Service, an affiliate specializing in profit improvement. He later wrote an outstanding record as group vice president-industrial products at A. O. Smith Corporation. Formally educated in law, business and engineering, the corporation's chief executive gained his earlier operating experience in both sales and manufacturing with Western Automatic Machine Screw, Firestone, and Parker-Hannifin.

James J. Gilligan has established an outstanding record in the important role of vice president-finance. While associated with cost-reduction programs at Booz, Allen & Hamilton, Mr. Gilligan and Chairman Figgie established close personal and professional ties. A Certified Public Accountant, Mr. Gilligan has had extensive executive operating experience with Radio Corporation of America, Hughes Aircraft, U. S. Industries, and Northern Natural Gas.

Leonard J. Barbee, vice president-manufacturing, is one of the most respected manufacturing executives in industry. A former machine operator and union officer, Mr. Barbee entered management ranks at A. O. Smith Corporation, rose from foreman to manufacturing manager, and established an outstanding record for productivity and profitability. This broad experience has enabled him to improve operations in a large number of "Automatic" divisions.

During 1967, William Block was named to the important position of corporate controller. Mr. Block works directly with divisional controllers throughout the corporation, instituting, coordinating and directing a completely detailed financial-control program as well as working in other areas of corporate finance. Mr. Block's operating experience was with Gar Wood Industries and the Dura Corporation.

G. Dameron Davis, director of industrial relations, embarked on a long and outstanding career as labor contract negotiator for such firms as Wright Aeronautical Corporation, Ford Motor Company, Midland Steel Corporation and U. S. Industries. Mr. Davis' industrial relations background also includes such governmental undertakings as the Pan American Guided Missile Range. He has established an outstanding reputation as a contract negotiator.

General Counsel Luther A. Harthun was formerly with the law firm of Hopkins Sutter, Owen, Mulroy, Wentz & Davis in Chicago before joining the corporation. He holds law degrees from the University of Chicago and the University of California.

Another new member of the management team is James P. Donahue, director of corporate procurement. Before joining the corporation in late 1967, Mr. Donahue was manager of purchasing, research and planning for the Burroughs Company. His former operating experience was with the Sperry Gyroscope Division of Sperry Rand, the Ford Motor Company, Chrysler and General Motors.

William G. Borchert, director of corporate communications, was formerly a reporter and feature writer for both national magazines and a major metropolitan newspaper. He has extensive experience in the agency field, serving clients such as the Columbia Broadcasting System, *Newsweek* and Joseph E. Seagram & Sons. He joined "Automatic" Sprinkler following service as vice president of Life & Casualty Insurance Company.

Richard W. Patterson is the newest member of corporate management, having been named corporate treasurer on February 1, 1968. A U. S. Navy Lieutenant during the Second World War, Mr. Patterson came to "Automatic" Sprinkler from his post as treasurer of the Glidden Corporation. Prior to his career at Glidden he was with Otis, McAllister and Co.

1

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3

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5

6

1. Harry E. Figgie, Jr., chairman and president, with his administrative assistant, Mary Cleary.
2. Len Barbee, vice president-manufacturing.
3. James Gilligan, vice president-finance, with William Block, controller, right, and Paul Stapula, credit manager.
4. Richard Patterson, treasurer, left, and Luther Harthun, general counsel.
5. Dameron Davis, director of industrial relations, left, and James Donahue, director of procurement.
6. William Borchert, director of corporate communications, right, and John Donnelly, assistant director.

group vice presidents

During 1967, a new dimension was added to the corporate management team. Three group vice presidents, all former division heads who had actively worked under our corporate philosophies and policies, were named to direct the growth of "Automatic" Sprinkler's Fire Protection, Safety and Security nucleus and the Fluid Controls and Hydraulic Equipment nucleus and a "Special Projects Program," directing special attention to major corporate matters.

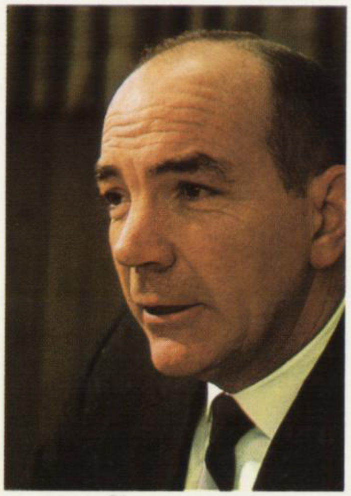
Thomas W. Mason, formerly president of the corporation's Fee & Mason Division, was named the first "Automatic" Sprinkler group vice president in September, 1967. In his new post, Mr. Mason is responsible for growth and operations of the divisions in "Automatic" Sprinkler's Fluid Control and Hydraulic Equipment group, reporting directly to Chairman Figgie. Mr. Mason's industrial experience runs the gamut from pipe fitter to office manager to sales director and finally to president of Fee & Mason in 1946.

E. K. "Ned" Paine is another "Automatic" Sprinkler divisional president who has recently changed hats. Mr. Paine recently moved from his post as president of the Badger Fire Extinguisher Company to a new role as the first group vice president of the important Fire Protection, Safety and Security group. A graduate of University of California at Los Angeles, Mr. Paine was formerly national sales manager for the General Fire Extinguisher Company until he purchased the assets of Badger in 1963. He became a divisional president when Badger joined "Automatic" Sprinkler in 1965.

J. J. Tanis, a graduate of Case Institute of Technology, was named group vice president of the "Special Projects Program" in November, 1967. Previously, Mr. Tanis was executive vice president and general manager of the "Automatic" Sprinkler Division. As a group vice president, he will also continue to direct this division's growth. His earlier experience was with E. F. Hauserman, where he was district manager for a six-state area, and had prior experience in both engineering and construction.

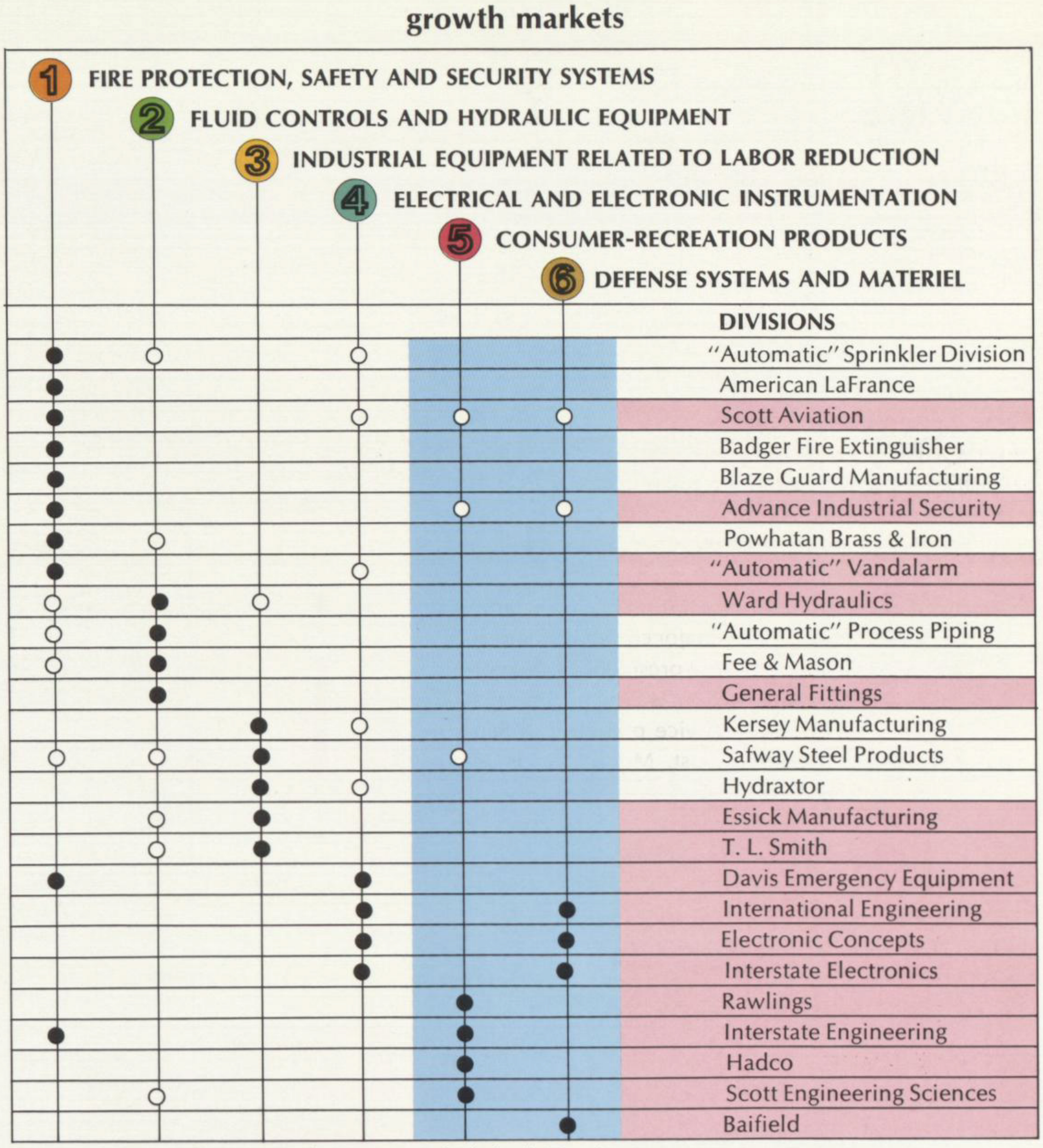
Thomas W. Mason

John J. Tanis



E. K. "Ned" Paine

divisional organization



growth markets

1. FIRE PROTECTION, SAFETY AND SECURITY SYSTEMS
2. FLUID CONTROLS AND HYDRAULIC EQUIPMENT
3. INDUSTRIAL EQUIPMENT RELATED TO LABOR REDUCTION
4. ELECTRICAL AND ELECTRONIC INSTRUMENTATION
5. CONSUMER-RECREATION PRODUCTS
6. DEFENSE SYSTEMS AND MATERIEL

1	2	3	4	5	6	DIVISIONS
●	○		○			"Automatic" Sprinkler Division
●						American LaFrance
●			○	○	○	Scott Aviation
●						Badger Fire Extinguisher
●						Blaze Guard Manufacturing
●				○	○	Advance Industrial Security
●	○					Powhatan Brass & Iron
●			○			"Automatic" Vandalarm
○	●	○				Ward Hydraulics
○	●					"Automatic" Process Piping
○	●					Fee & Mason
	●					General Fittings
		●	○			Kersey Manufacturing
○	○	●		○		Safway Steel Products
		●	○			Hydraxtor
	○	●				Essick Manufacturing
	○	●				T. L. Smith
●			●			Davis Emergency Equipment
			●		●	International Engineering
			●		●	Electronic Concepts
			●		●	Interstate Electronics
				●		Rawlings
●				●		Interstate Engineering
				●		Hadco
	○			●		Scott Engineering Sciences
					●	Baifield

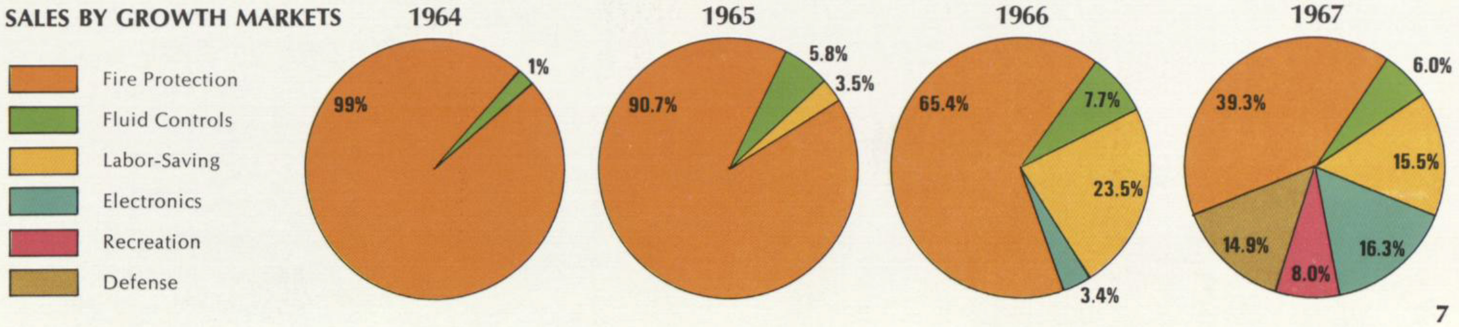
Chart Explanation:
● Major nucleus group in which the division fits.
○ Functional tie to another nucleus through products, marketing, manufacturing or engineering.
🟦 New "Growth Nuclei" created in 1967.
🟥 New Divisions acquired during 1967.

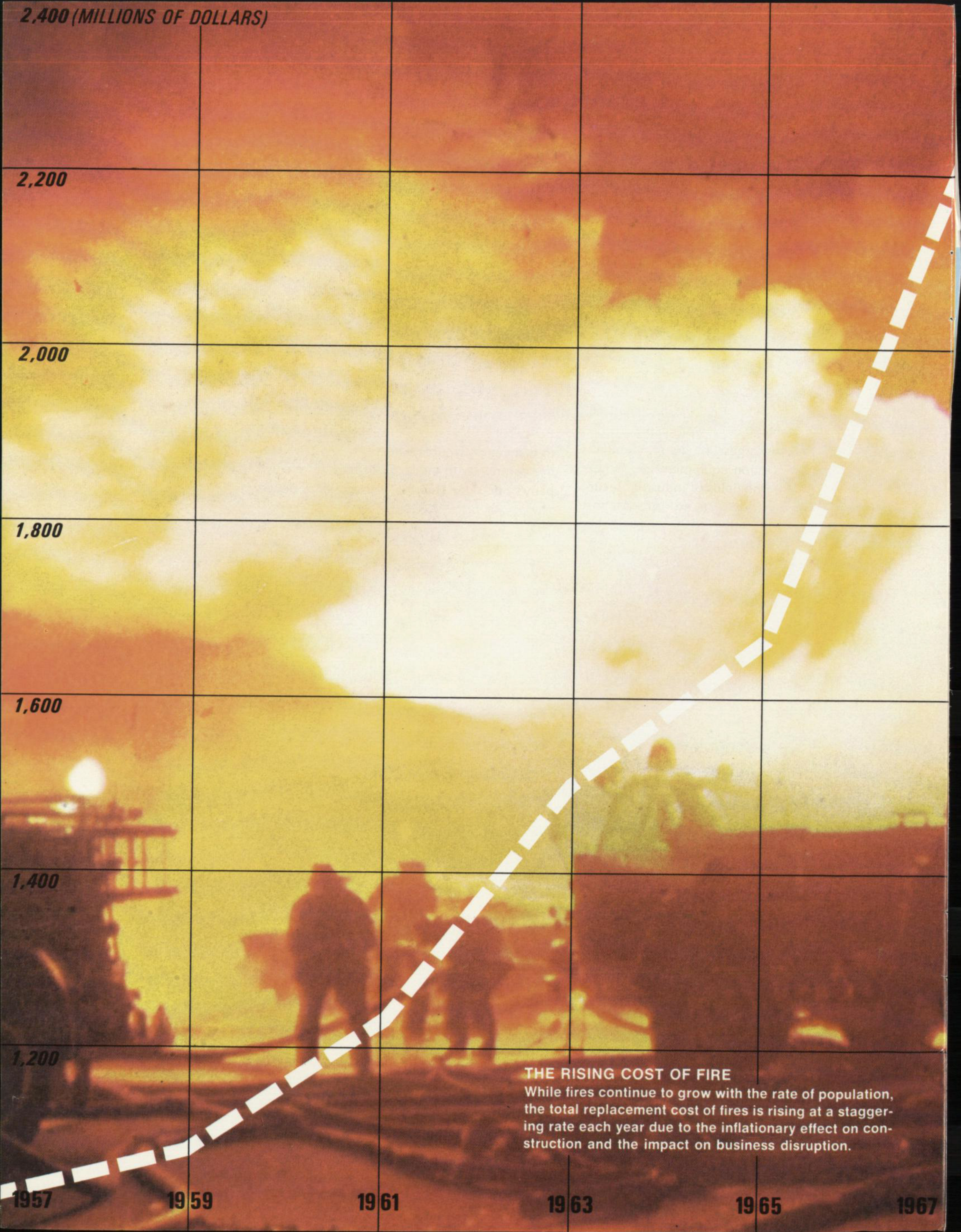
The practical application of "Automatic" Sprinkler's basic corporate philosophy, "The Nucleus Theory of Growth," is best exemplified by the four-year history of outstanding expansion detailed throughout this report.

The diagram above shows the six growth industries in which "Automatic" now operates. It also shows in which "growth nucleus" each of the company's 26 divisions fits, as well as the inter-relationships between many divisions.

The circular charts on the bottom of the page graphically depict the changing picture of "Automatic" sales by industry groups since 1964 . . . from basically a one-product company four years ago to a major diversified corporation today.

SALES BY GROWTH MARKETS





THE RISING COST OF FIRE

While fires continue to grow with the rate of population, the total replacement cost of fires is rising at a staggering rate each year due to the inflationary effect on construction and the impact on business disruption.

growth market 1

FIRE PROTECTION, SAFETY AND SECURITY SYSTEMS

Almost anywhere a fire breaks out or a burglar breaks in — from the home to an industrial plant—"Automatic" people and products stand ready to respond.

While fires continue to increase with the rate of population, the cost of fires due to inflation and business-disruption losses is growing at two to three times this rate. At the same time, burglaries, thefts and vandalism in homes, schools and industry are increasing at an alarming rate.

To meet the resulting demands of these spiraling hazards, "Automatic" Sprinkler has become the world's largest integrated manufacturer of fire protection equipment and is rapidly expanding in the fields of industrial security and burglar-detection equipment and services.

The corporation is dedicated to the job of fire protection and security and offers full-line service and equipment to business and industry — sprinkler systems, fire engines and extinguishers, respiratory equipment, hose and fittings, burglar alarms and guard service to list just the major products.

One of the primary goals of "Automatic" in 1968 is to fully protect the homeowner in the same complete way. **Interstate Engineering Division's** easy-to-install "Vanguard" fire alarm and smoke-detector systems rank among the best in the industry. The **American LaFrance** and **Badger Divisions** offer a full line of home fire extinguishers and **"Automatic" Vandalarm Division** is currently working on a burglar alarm system for the residential market.

Increased public awareness of fire and theft dangers and the recent passage of the Federal Fire Research and Safety Act is expected to create even greater demand in this area in 1968 and beyond.

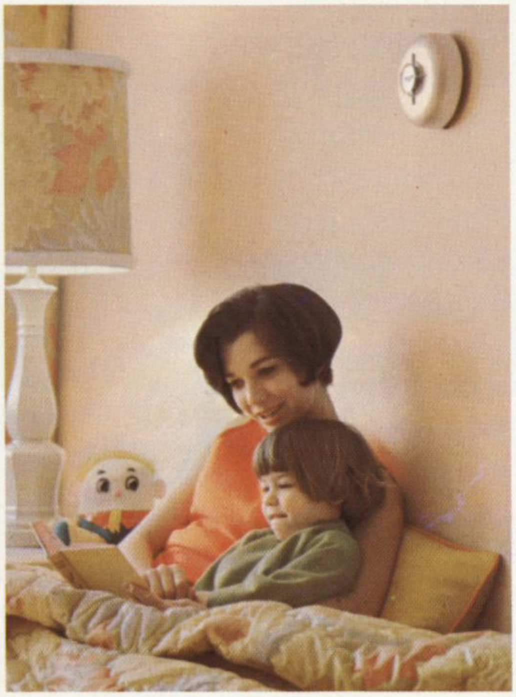
While increased attention will be given the home market in the year ahead, 1967 was typical of past years in that it saw the solution to many unusual fire protection problems. Under contract with the U. S. Air Force, the company's **Sprinkler Division,** for example, developed a system to detect and extinguish fires in 100 percent oxygen atmospheres in Space Environment Simulators used for research in our National Space Program.

Sprinkler system installations were also developed to protect off-shore drilling rigs for both oil and sulphur in the Gulf of Mexico and the manufacturing facilities for the C5A giant transport plane developed by Lockheed Aviation.

At the same time, division sales to industrial and commercial companies, hospitals, schools,

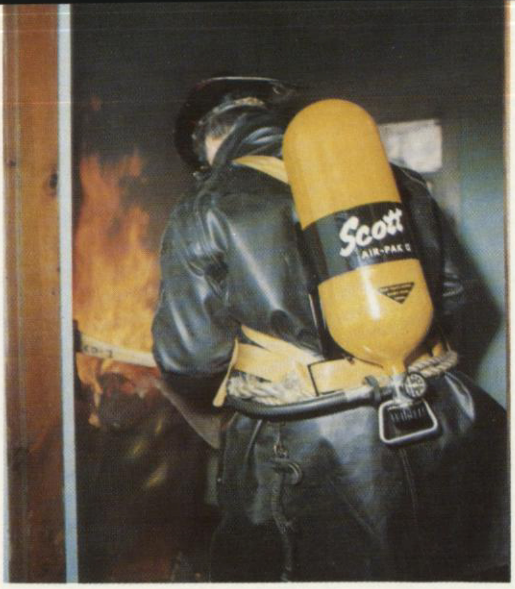
John Power, Pres.
"Automatic" Sprinkler Div.

Fred W. Anger, Pres.
American LaFrance



"Automatic" Sprinkler has pioneered the development of new fire-protection concepts for applications from the home to the high-oxygen atmosphere of space environment simulators. "Vanguard" home fire alarm systems made by Interstate Engineering, right, provide around-the-clock security against the threat of fire. At left, deluge-type sprinkler system automatically detects and extinguishes fire in space simulator capsules.

◀ *Chart Source: Insurance Information Institute and the Dept. of Commerce, Bureau of Census.*



Firefighter with Scott "Air Pak" strapped to his back battles a residential blaze. Scott Aviation is a leading supplier of life-support respiratory apparatus for the nation's fire departments, the aviation and other industries.

Kenneth McIlraith, Pres. Scott Aviation

Willard Mahler, Pres. Badger Fire Extinguisher

country clubs and other customers continued to climb through promotion of the insurance-savings incentive and leasing programs. While leasing has become an important factor, more and more potential customers are learning that the savings in insurance premiums resulting from the installation of a sprinkler system are substantially greater than the cost of leasing such a system, thus adding to profits while providing immediate protection.

During 1967, insurance underwriters stepped up their already active campaign to have clients install sprinkler protection. Also, building codes in many areas were strengthened to make sprinkler installations mandatory in certain building categories. These two factors alone could help double this division's sales in the next five years.

It should be noted that the strike and resultant problems that affected this division over the past year are now out of the way. Its new production facility in Swainsboro, Ga. is now fully on stream and the division staff moved into a new general office and research-and-development center in Cleveland in mid-December.

American LaFrance hit great strides in 1967, its first full year as a division of "Automatic" Sprinkler. This famous 134-year-old fire-fighting company registered a 38% increase in sales and a 100% improvement in profits before taxes . . . a significant achievement for this rebuilt organization.

The investment in time, money and management know-how made by the corporation in American LaFrance has produced dramatic results. Many of the gains, however, represent only a start toward achieving the ultimate potential of this division.

This major turnaround has not only helped restore American LaFrance's national reputation for quality but has also produced several new products that hone the company's competitive edge for the future. These include a custom-made pumper with one-third greater pumping capacity to better combat the complex modern-day fire and, for the consumer market, an all-new one pound dry chemical extinguisher for home, auto and marine use.

Substantial penetration in another area of the fire extinguisher market was achieved by

Hydraulic calculations for the design of sprinkler systems are computed electronically at "Automatic" Sprinkler division's new headquarters in Cleveland. this saves valuable engineering time and assures optimum design for the specific application.

the **Badger Division,** which tripled its sales of dry chemical extinguishers in 1967. This was a major factor in accounting for its 64% increase in total sales coupled with better than a 100% increase in profits.

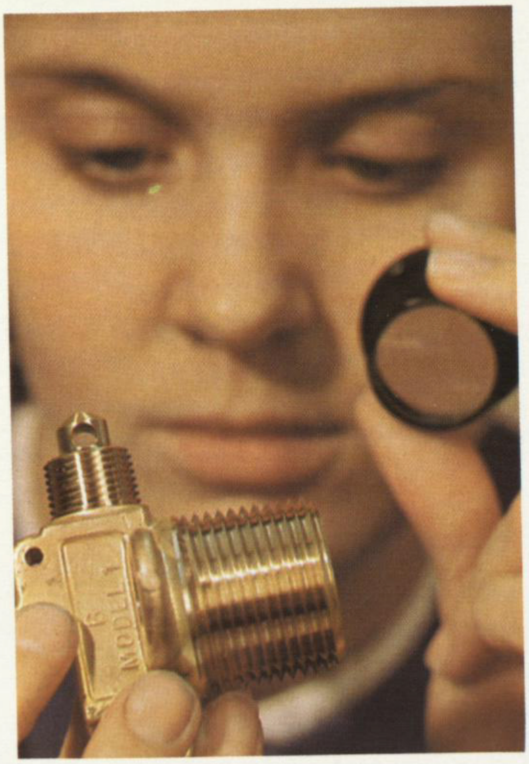
Badger's line of ABC multi-purpose units offers one of the finest values in the industry for protection against all classes of fire, as attested by high volume purchases by both industry and the Federal government.

Another fire-fighting product that retained its top-ranking in 1967 was the Scott "Air-Pak," the protective breathing equipment used by firemen throughout the nation. It was developed by **Scott Aviation,** one of the leading producers of respiratory and oxygen-regulating devices, and is composed of a compressed-air cylinder, a wide-vision face mask and a regulator to supply air as needed.

Scott breathing devices are not confined to the field of fire protection alone but have widespread use throughout many industries. For example, the vast majority of all commercial airliners that touch down in the United States today are equipped with Scott oxygen-regulating devices. And the dramatic giant new aircraft now being built—Boeing's 747 and Lockheed's C5A — will also be safely supported by this division's latest respiratory apparatus.

Among other major projects, Scott has designed and produced underwater oxygen-helium breathing apparatus used in the U. S. Navy's Sealab experiments. Sealab is a project related closely to the Space Program and is aimed at evaluating man's ability to adapt to an underwater environment. The division has also developed a special germproof facemask to be used in conjunction with the Apollo moon-landing project and has recently developed a solid-state oxygen system, a new method of supplying oxygen in solid form.

For the **Powhatan Brass and Iron Division,** 1967 was a year of contrasts. It saw the completion and start-up of a new $1.5-million automated foundry, one of the most modern in the nation and one which holds tremendous potential for increased capacity and decreased costs. At the same time, fluctuations in the metal market which adversely affected brass ingot prices, inventory control problems and unusual start-up expenses severely affected the division's profits for the year.



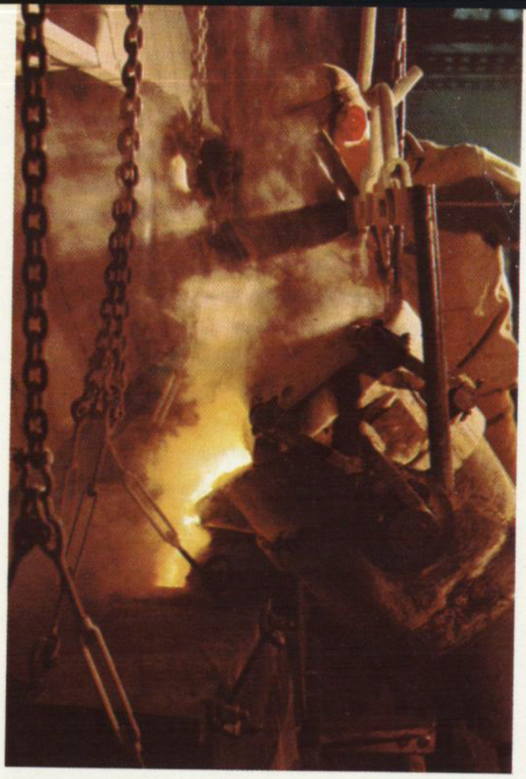
Strict quality control measures at Badger, left, and other "Automatic" divisions help to assure customer satisfaction and enhance the corporation's reputation for quality workmanship.

Russell McWatters, Pres. Powhatan

Barbara Scharer, Pres. Blaze Guard Mfg.

Advance Industrial Security personnel provide protection and surveillance at plant sites, stores, factories, airports; ballparks, and numerous other facilities throughout the nation. Acquisition of Advance enabled "Automatic" to offer a complete package of fire, burglary, and manguard protection for industry, business, and commerce.

On the left, batteries of twirling spindles at Blaze Guard division feed yarn to looms on floor above, where it is woven into durable fabric casing for high quality fire hose. On the right, push-button conveyor shuttles buckets of molten metal to pouring stations at Powhatan's new $1.5-million foundry. The scientifically designed facility is among the most modern brass foundries in the nation.



J. L. Patterson, Pres.
"Automatic" Vandalarm

Edward Japhe, Pres.
Advance Industrial Security

With the major problems now resolved, Powhatan is expected to return to the forefront of divisional profit-producers in the period ahead.

The year 1967 was an important one for **Blaze Guard Manufacturing Division.** All major equipment was redesigned and rebuilt. The results led first and foremost to greatly increased and consistent quality, increased and more efficient production and increased sales from present markets and penetration into new areas.

As discussed earlier, the rising trend in burglaries, thefts and vandalism has created a rather significant growth industry for products and services that can deal effectively with these problems. One such product is the electronic sound-triggered alarm device developed and produced by **"Automatic" Vandalarm Division.**

While designed initially for industrial plants, business offices and banks, the division is modifying and developing variations of the alarm device for use in schools against vandalism and in the home against attempted burglaries. It can be tied in with another electronic unit which immediately dials the police, sets off an alarm, turns on the lights or whatever else it is programmed to do. Where already installed, the Vandalarm system has been given credit for preventing many burglaries and has resulted in the capture of a considerable number of burglars, intruders and vandals.

Late in 1967, "Automatic" took another major step into this field through the acquisition of **Advance Industrial Security, Inc.,** a fast-growing industrial security and investigative service organization.

Advance has well over 2,000 employees working out of regional offices coast-to-coast. During 1967 it further expanded its services in the Northeast and Midwest and anticipates outstanding growth in these areas over the next five years. These are major business and industrial areas where demand is increasing greatly for security personnel and equipment.

With this division now part of the fire protection and industrial security nucleus, "Automatic" is able to provide a complete package of fire protection, burglary protection and manguard security for industry, business and government.

And again, "Automatic's" major target for the immediate future is to do the same complete job for the home.

Stainless steel fire extinguisher shells pass through ovens at the Badger division, where they are baked by heat lamps to dry silk-screened labels.

CORPORATE TECHNICAL CENTER: Science with its sleeves rolled up

"Automatic's" new corporate technical center, started in mid-1967, has already compiled an outstanding record of service to the divisions.

Staffed by a handpicked group of expert designers, engineers, and machinists, the center's job is to help each division increase product flow at lower cost.

This involves the design and fabrication of new automated equipment to meet specific production requirements, and the rebuilding of obsolete machinery to new-equipment specifications.

Another function of this tech center, which was conceived by Mr. Figgie and Mr. Barbee, is to salvage idle or surplus equipment from one division, modernize it, and put it to work in another. When no internal application can be found for such machinery it is rebuilt and sold on the open market to generate capital for the purchase of replacement equipment.

Although the center is essentially a service organization it is expected to — and does — operate at a profit. Divisions are billed for work performed on a time-and-materials basis. The cost is generally far less, however, than the cost of replacement or repair would otherwise be.

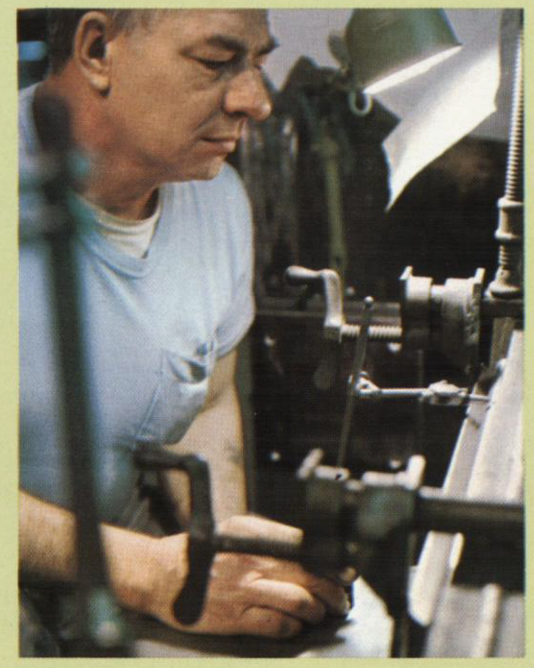
For example, an obsolete machine from one division plant was recently modified and brought up to present-day equipment specifications. To have replaced the same piece of equipment would have cost at least 10 times what it cost the tech center to rebuild it.

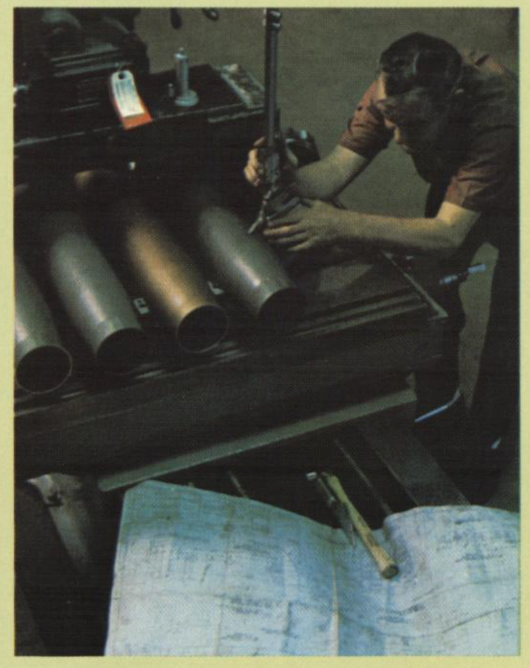
The development of new welding techniques that add quality while reducing cost is a major manufacturing asset provided by "Automatic's" newly created tech center.

At another division, a team of tech center experts solved an emergency situation by designing, fabricating and installing components for worn-out metal washers that had been pressed into service to meet production requirements of an important defense product.

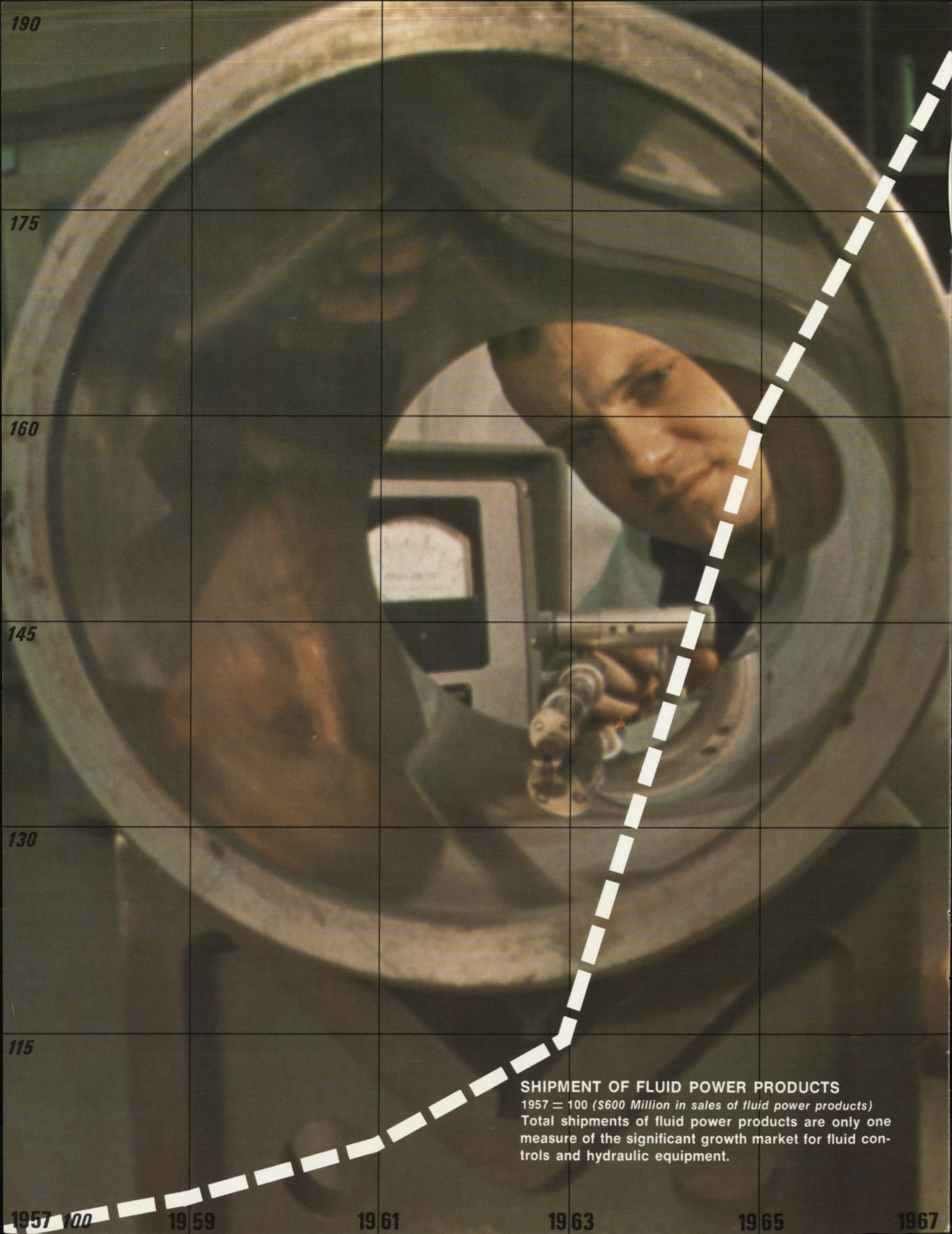
Automation techniques introduced at American LaFrance have slashed expenses and helped triple daily production of fire extinguishers.

In these and other projects, the self-sustaining tech center should make an increasingly important contribution to corporate profitability.





Among the primary functions of this corporate technical center are renovation of obsolescent and idle machinery and the development of new, automated equipment designed to improve product flow and reduce manufacturing costs.



SHIPMENT OF FLUID POWER PRODUCTS
1957 = 100 *($600 Million in sales of fluid power products)*
Total shipments of fluid power products are only one measure of the significant growth market for fluid controls and hydraulic equipment.

growth market 2

FLUID CONTROLS AND HYDRAULIC EQUIPMENT

Fluids are the lifeblood of American industry. Surging through intricate mazes of pipe, they control, cool, fuel, and drive the production processes of business. In these vital functions, "Automatic" is beginning to play an important role as a supplier of fluid controls and hydraulic equipment.

Despite a leveling off of industrial activity generally last year, the company's output of fluid controls and hydraulic equipment continued to expand, with sales reaching new highs.

"Automatic" Process Piping, a designer, fabricator, and installer of industrial piping systems for the steel, cryogenic, and automotive industries, substantially increased its sales in 1967.

This division has established an excellent reputation for engineering complex installations and for dedicated customer service. It recently obtained a number of important new contracts, and gained an important competitive advantage through introduction of new equipment, new welding techniques, and improved on-the-job efficiencies.

These factors play an important role in the overall marketing program at "Automatic" Process Piping — a program that couples this customer service with strong emphasis on design, engineering and production capabilities.

As another major result of this marketing strategy, this division entered 1968 with a much enlarged backlog.

Ward Hydraulics recorded another gain in sales and increased profits by 16 percent as a result of plantwide cost reduction programs.

New products developed in 1967 include a 7½-ton crane and a truck-mounted log-loading machine. To supplement sales to its historical markets — the materials handling, construction equipment, and mining industries — the company is geared to supply cylinders for mobile riverters used in the supersonic transport program. This well-managed division has considerably stepped up development work on the design and manufacture of a number of companion products to its present hydraulic line.

For example, Ward has initiated work on the design and manufacture of directional control valves as companion products to hydraulic actuators. It is also developing a complete line of flange-type fittings for the mobile equipment market.

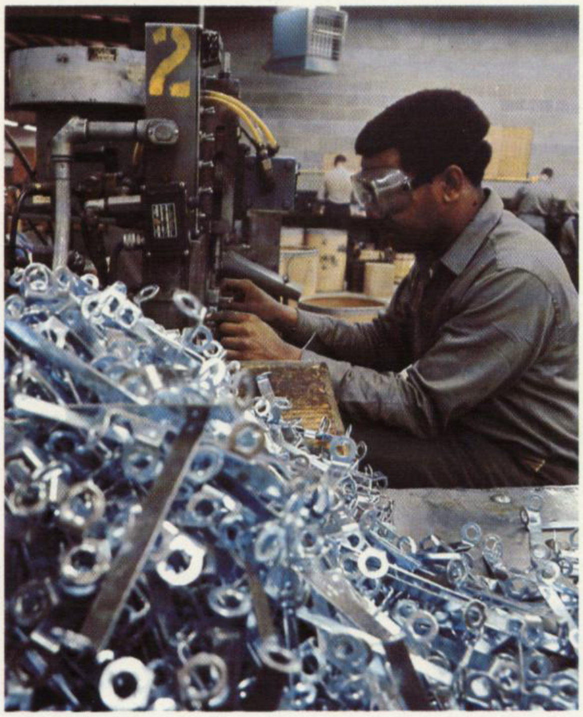
And in addition, this division is working with American LaFrance on hydraulic equipment for

John Kilroy, Pres. "Automatic" Process Piping

John Link, Pres. Ward Hydraulics

Final adjustment completes assembly of hydraulic mechanism for raising and lowering the 90-foot aerial platform on an American LaFrance Aerochief. The cylinders are supplied by Ward Hydraulics division.

◀ *Chart Source: Fluid Power Index, National Fluid Products Association.*



Fee & Mason moved into new facilities in Manasquan, N. J. in 1967. This division manufactures more than 4,500 types of pipe hangers and accessories for the growing fluid controls market.

William Sliney, Pres. Fee & Mason

aerial ladders and aerial platform fire apparatus.

The division has entered 1968 with a substantial backlog of orders. Broader markets, deeper penetration of traditional markets, and the introduction of a number of supplementary product lines should serve to contribute to Ward's sales and earnings this year and in the future.

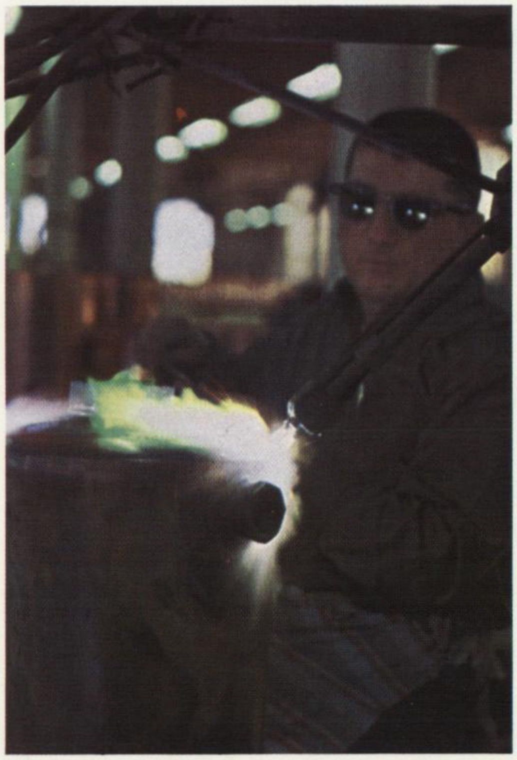
The home construction slowdown affected **General Fittings,** which manufactures domestic water heaters, pressurized expansion tanks, and air control packages. A resurgence in housing starts should dramatically boost demand for the products of the Providence-based company.

Despite reduced construction activity, General Fittings still exceeded its profit objective for the year by more than 18 percent. This was a direct result of cost reduction measures instituted during the year. General Fittings joined "Automatic" early in 1967.

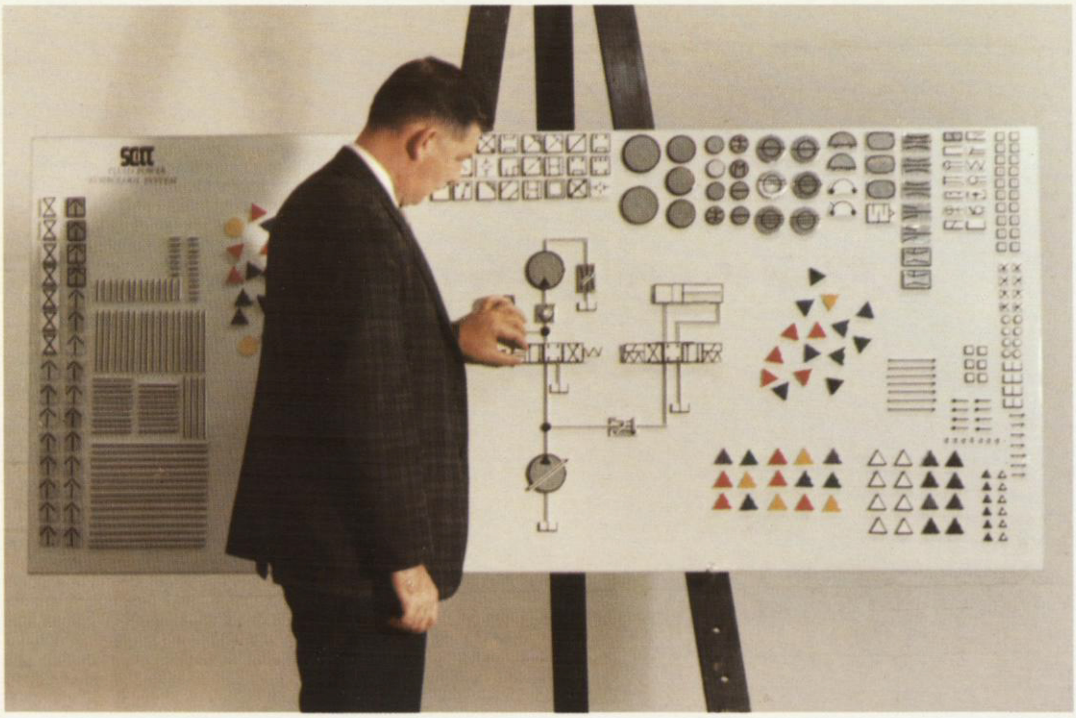
This division has an active product-development program. The company recently developed five new products which should hit the market in 1968. These include a unique zone valve, a new purge valve, a newly designed water-mixing valve, and an improved water hammer silencer. Another new product is a floating valve that will enable the division to market an air control package with all necessary valves. Under development are a number of other new products.

For **Fee & Mason,** manufacturer of a complete line of hangers and pipe-suspension equipment, the year 1967 was one of continued growth. Sales increased 15 percent over the previous year as the result of more aggressive sales representation in key markets. The division also bolstered its position in the important sprinkler market with the Auto-Grip line of products. Profits as well as sales showed improvements.

In terms of future outlook, the division has greatly improved its competitive position with the construction of a new plant equipped with the production facilities necessary to meet the



Semi-automatic brazing operation assures watertight integrity of tankless heaters manufactured by General Fittings. The division is a leading developer and producer of hydronic devices and fluid controls.



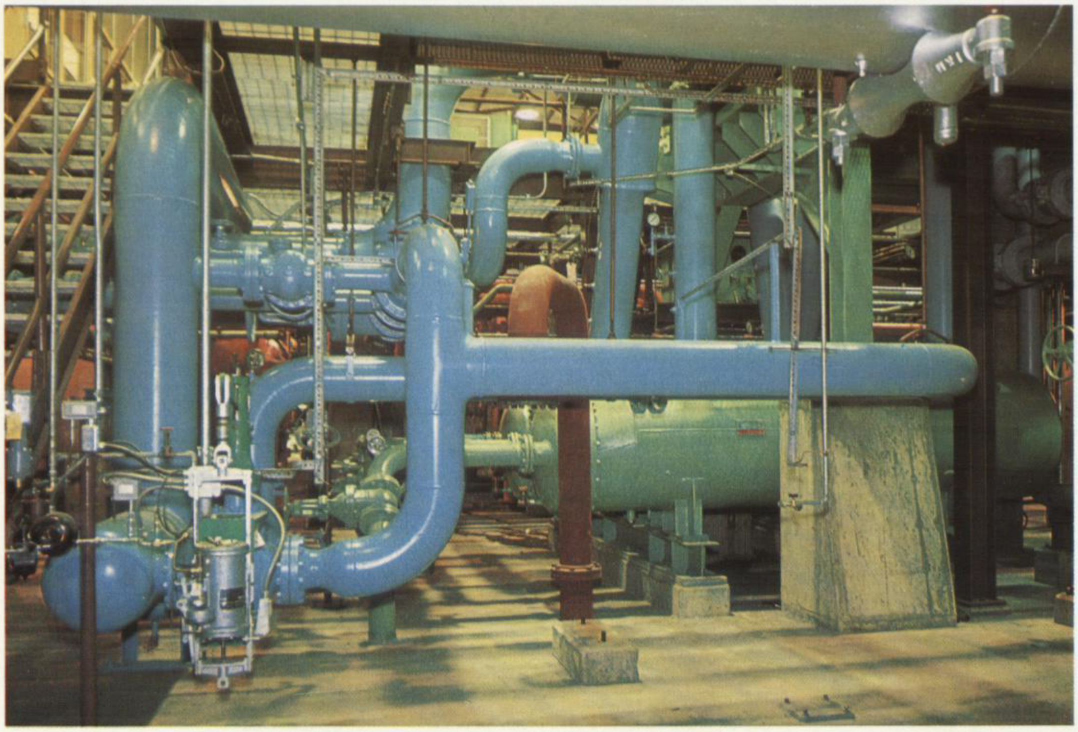
Magnetized symbology board developed by Scott Engineering Sciences division permits students and industrial designers to build photo-reproducible schematic diagrams of fluid power systems in a fraction of the time required on the drawing board.

mounting demand for the more than 4,500 types of pipe hangers and accessories it markets. With reduced costs and improved delivery capability, it anticipates a substantial sales increase for 1968. Installation of modern automated machinery should continue to help the division's sales and profit growth.

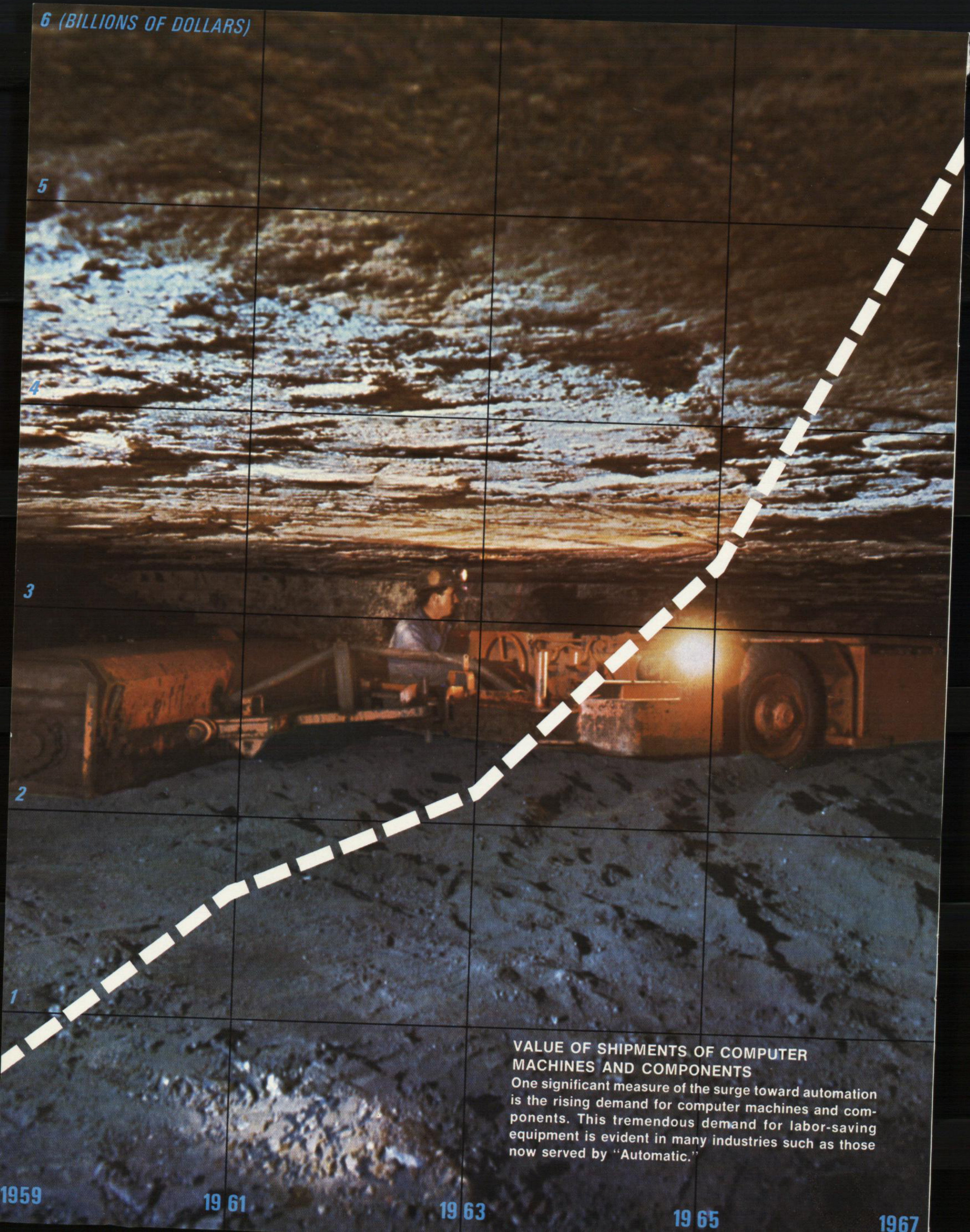
To gain a greater share of the highly profitable and fast-growing hanger-design and fabrication business, the division is enlarging its engineering staff to provide the technological assistance increasingly demanded by customers.

Scott Engineering Sciences, a developer and manufacturer of educational systems, introduced three new fluid power products last year, including a magnetized symbology board that permits students to build photo-reproducible schematic diagrams of fluid circuits in minutes, saving hours at a drawing board. Other aspects of Scott Engineering Science's activities are discussed in the Consumer-Recreation section.

Horace Horton, Pres.
General Fittings



"Automatic" Process Piping's ability to engineer, fabricate and install complex industrial piping systems enables the division to bid successfully on contracts almost anywhere in the nation. It recently installed the above-ground piping complex for this modern 1,200-ton-a-day oxygen-generating plant.



VALUE OF SHIPMENTS OF COMPUTER MACHINES AND COMPONENTS

One significant measure of the surge toward automation is the rising demand for computer machines and components. This tremendous demand for labor-saving equipment is evident in many industries such as those now served by "Automatic."

growth market 3

INDUSTRIAL EQUIPMENT RELATED TO LABOR REDUCTION

The wage-price spiral fueled by inflation has continued to move cost reduction programs into a frontline position in American industry.

Faced with the increasing costs of doing business in today's economy coupled with relentless competitive pressure from both foreign and domestic sources, companies are seeking to replace manpower with mechanized equipment wherever possible to achieve greater efficiency and productivity.

American business has thus created an ever-growing demand for modern automated machinery . . . a fact reflected by the steadily increasing sales of "Automatic" products related to labor reduction.

The commercial laundry industry, which was covered for the first time under Federal Minimum Wage Legislation in 1967, is an excellent example of this trend. This industry, including linen supply firms, industrial laundries, hospitals, hotels, and others, is served by both the **Hydraxtor** and **T. L. Smith Divisions** of "Automatic" Sprinkler.

Wage increases have been far in excess of national averages in this industry, which also suffers from the unavailability of labor. Thus hit by surging costs, commercial laundries heightened their demand for more and better automation-type equipment. This enabled **Hydraxtor** to continue its rapid rate of growth and enter 1968 with the largest backlog of equipment orders in the division's history.

To further expand its product line and markets, the division acquired a manufacturer of filtration and heat exchange equipment and introduced a new Hydraflo Unashell Washer. It also pioneered several new concepts in material handling by air-stream conveyors. Favorable industry reaction to early installations of these pneumatic systems indicate excellent sales potential.

To meet the major changes forced upon the laundry industry by the rapid development of new fibres, resin treatment of clothing for permanent press, and other technological innovations, Hydraxtor has stepped up its research efforts and expects to offer one or more revolutionary new products in 1968 designed specifically to meet the industry's changing needs.

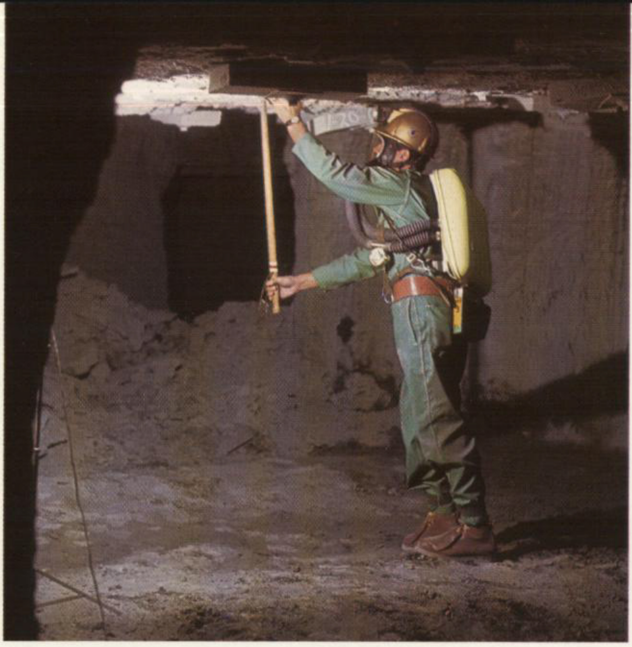
T. L. Smith has also responded to the urgent needs of laundry customers by developing and putting into operation at its plant site a demonstration model of the world's first fully automated laundry system. This combines a washer, drier, and extractor, and is capable of processing 2,000 pounds of laundry an hour.

Economies achieved through a major cost-reduction program initiated last year enabled the division to maintain profit margins on its line of concrete production and transportation equipment despite the general downturn in construction activity.

Lon Ellison, Pres.
Kersey Manufacturing

Demand for high-volume automated commercial laundry equipment has mounted sharply in response to higher minimum wage rates and other factors. Shown in operation at the left is modern, high-speed laundry equipment produced by the Hydraxtor Division. Pictured below is part of the fully automated laundry system designed by the T. L. Smith Division.

◀ *Chart Source: U.S. Department of Commerce.*



The great acceptance of the Kersey Division's battery-powered coal mining equipment (highlighted on page 18) has helped open the coal mining market to Scott Aviation's portable respiratory equipment shown here in actual use.

Allen Koplin, Pres.
Hydraxtor

Richard Vandekieft, Pres.
Safway Steel Products

Kersey Manufacturing Division enjoyed the best year in the company's 21-year history in 1967, reporting both record sales and earnings.

A milestone for the division was its entry into the international marketplace with the introduction of Kersey coal-mining equipment in England and South Africa. Newly acquired sales representation in South Africa will enable the Virginia-based company to serve the coal and gold-mining industries in the Republic of South Africa, Zambia, Mozambique and Rhodesia.

Also, in the past year a number of new service units were designed and built for the coal-mining industry, including a battery-powered lubrication car, a mine maintenance vehicle, and a battery-powered fire truck.

The continuing strong demand for coal is expected to create a substantial backlog of orders for self-unloading chain conveyor coal cars, battery-powered personnel carriers, and other equipment such as that highlighted in the full page photo on page 18. Coupled with sharply increased coal production is the acute shortage of miners, another factor stimulating greater need for mechanization in this already highly automated industry.

Safway Steel Products, manufacturer of a variety of tubular steel products, anticipated last year's construction slump by shifting its emphasis to the sale of gymnasium seating.

As an extension of its scaffolding business, the division last year introduced a line of heavy-duty shoring for supporting concrete in the placing and curing stages. The division also

Portable bleachers are erected every year by the Safway Division's West Coast branch to provide seating for thousands of spectators lining the route of the annual Rose Bowl Parade in Pasadena, California.

Self-trailing vibrating rollers compact roadbed fill on an interstate highway project in Delaware. Essick division manufactures rollers ranging in size from small hand-guided models to large self-propelled tandem units.

Robert Smith, Pres.
T. L. Smith

Richard Brookins, Pres.
Essick Manufacturing

introduced a new light-duty portable work platform for the painting, plastering, sheet metal, and electrical trades.

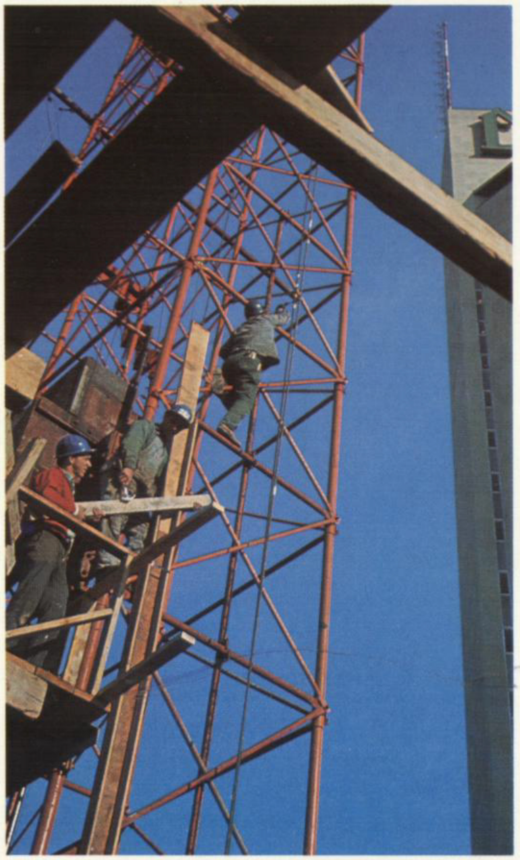
Sales of Safway's growing line of seating products and recreation equipment are discussed in the Consumer-Recreation Products section.

The Essick Division's long-range uptrend of sales continued through 1967, but the company did not equal its record-breaking performance of a year earlier due to the decline in housing starts and curtailment of highway construction programs.

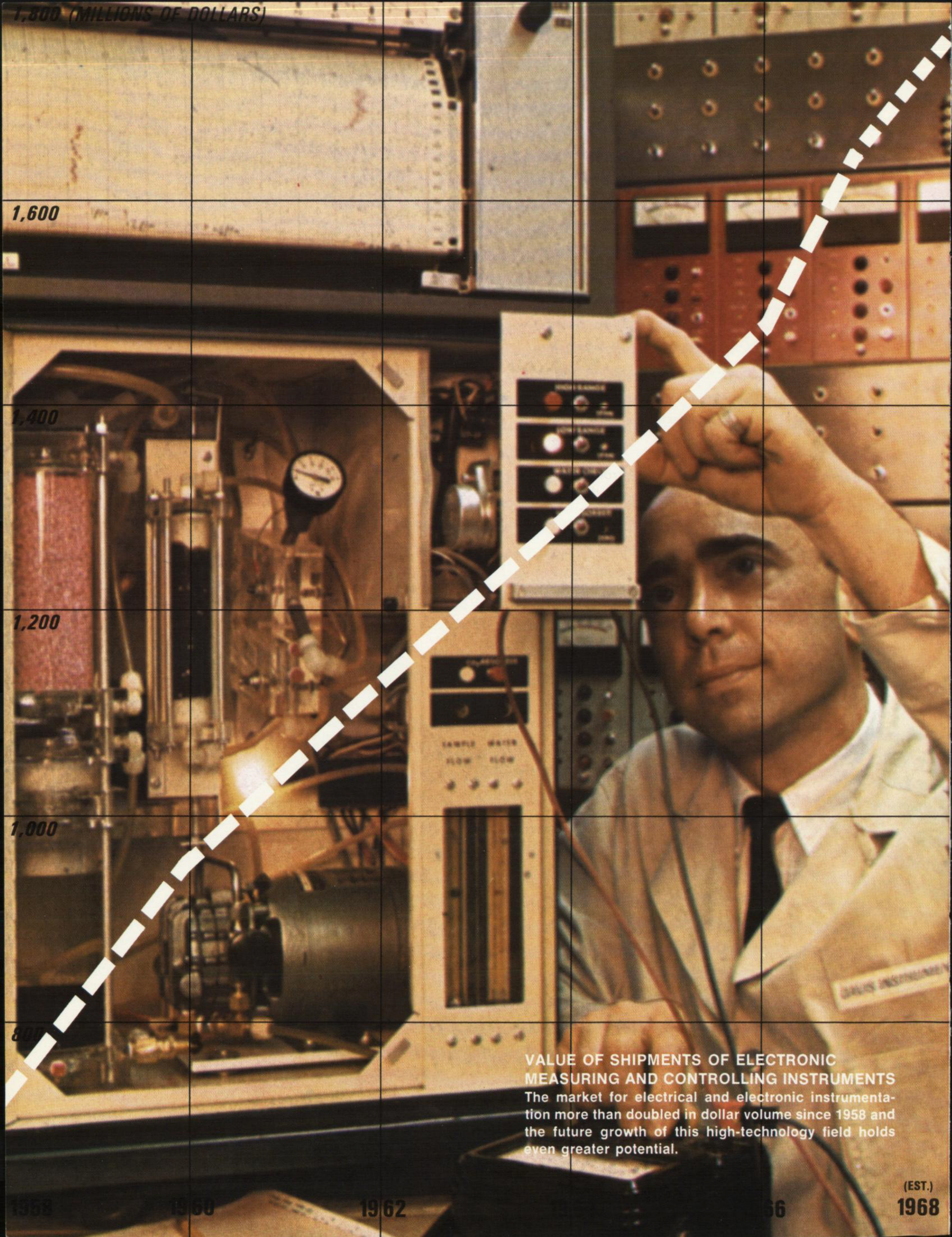
With the heavy surplus of residential units now drastically reduced and construction again on the upswing, demand is increasing for Essick's vibrating rollers, pumps, mixers, compressors and other construction-industry equipment. The addition of two new self-propelled vibrating rollers is expected to contribute importantly to sales in this area in 1968.

In the area of make-up air heating and cooling equipment — Essick's other major area of products — the division last year doubled its 1966 sales. A new addition to this line is a commercial model for supplying temperature-controlled fresh air in applications such as commercial kitchens and coin-operated laundries, where large volumes of air are continually being exhausted and must be replaced. A large industrial and commercial market exists for Essick's air coolers for use in applications where the cost of installing air conditioning systems would be prohibitive.

Additional products for other markets are currently under development.



Steelworkers scamper up Safway scaffolding being used in construction of a new Nashville, Tenn. office building. As an adjunct to its line of steel scaffolding, the division has recently introduced heavy-duty shoring for supporting concrete in the placing and curing stages.



VALUE OF SHIPMENTS OF ELECTRONIC MEASURING AND CONTROLLING INSTRUMENTS

The market for electrical and electronic instrumentation more than doubled in dollar volume since 1958 and the future growth of this high-technology field holds even greater potential.

growth market 4

ELECTRICAL AND ELECTRONIC INSTRUMENTATION

In this day of high technology, electronic instrumentation is essential to the two-way communication between man and man, between man and machine, and between machines. As electronic controls and sensory apparatus become more sophisticated, the growth potential of this industry expands at an accelerating pace.

This is essentially why "Automatic" Sprinkler established a basic "building-block" organization in this field during 1967 . . . a group of divisions with great potential in such fields as sophisticated tracking, guidance and communications systems; air and water pollution detection and control; automated machinery control; and oceanography.

While much of the corporation's electronics capability is currently in defense work, the spinoff from research and development efforts in this area is expected to lead to development of important new commercial and consumer products.

Interstate Engineering Corporation, acquired in November, 1967, is an excellent example of this point. In addition to a substantial business in home vacuum cleaners, trailer running gear, and home fire alarm systems described under the Fire Protection and the Consumer-Recreation Products sections, Interstate's Electronics Division develops and produces sophisticated instrumentation systems and tracking devices for such government projects as the Navy's Polaris/Poseidon program and NASA's Apollo space programs. It is one of the prime contractors on the Polaris/Poseidon program.

The division is heavily involved in the engineering and manufacturing of large electronic instrumentation systems and specialized computer equipment for use during the many phases of the weapon-system test program. This has led to Interstate also becoming involved with "Automatic's" Defense nucleus in several cooperative projects.

In its 12-year history, Interstate Engineering's Electronic's Division has built an enviable reputation as a specialist in sophisticated data systems, complex instrumentation and telemetry systems. This led to the division's being selected to produce equipment for use aboard the giant C5A aircraft.

The division has also established a position in oceanography, developing harbor and breakwater designs and instrumented buoy systems. It also does beach erosion studies for both commercial and government organizations.

Interstate completed an extensive new office and laboratory building in 1967 designed to provide great flexibility for rapid and economical conversion as space requirements change with the phasing of various production programs.

A small but vitally important seedbed for the development of new electronic instrumentation and systems is the **International Engineering Division** —an engineering consulting group specializing in the navigational sciences, communications and digital data processing fields.

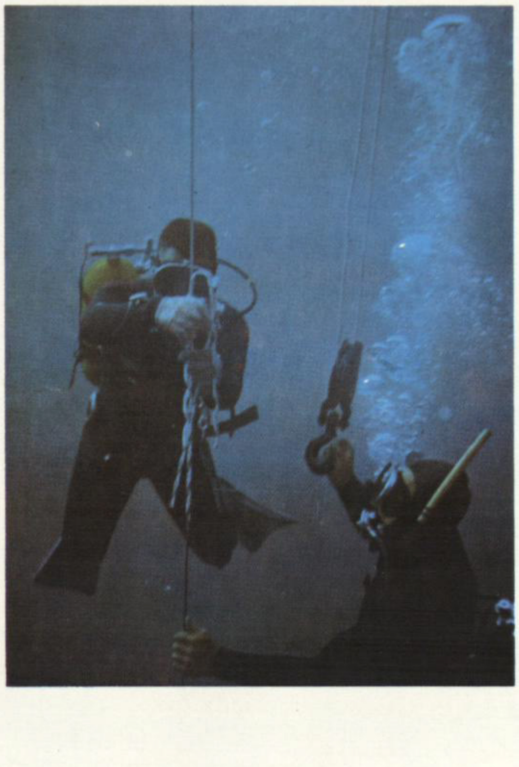
As a creative group whose primary mission is to develop new electronic techniques and hardware and to coordinate "Automatic's" capabilities in the defense marketplace, this division plays a key role in the profitability outlook for many divisions in the corporation.

In recent years personnel of this division invented the Loran D tactical navigation concept. Together, today they are developing hybrid navigation techniques involving satellites, inertial navigation systems, and other highly specialized navigational techniques.

The division is working with the U.S. Air Force and the Navy on the next generation of tactical navigation hardware and new commu-

Robert Limacher, Pres.
Interstate Engineering

Elmer Lipsey, Pres.
International Engineering



Aquanauts equipped with Scott Aviation life-support respirators probe underwater phenomena at depths of up to 50 fathoms. Scott breathing devices are being used in the U.S. Navy's Sealab experiments to determine man's ability to adapt to an underwater environment. Interstate Engineering division is also deeply involved in oceanographic research and the development of undersea instrumentation systems.

◀ *Chart Source: Business and Defense Services Adm., U.S. Dept. of Commerce.*

Frank Davis, Jr., Pres. Davis Equipment

nications techniques. It recently invented a new concept to locate downed airmen. It has also created an entirely new technique for missile guidance, which is expected to provide long-range precision weapon delivery.

The benefits of having the support arm of International Engineering were demonstrated when the division worked with the **Electronic Concepts Division** in designing and developing the Loran C "Man-Pack" Receiver for the U.S. Army. This project is termed one of the most important communication developments in many years.

Electronic Concepts reported excellent sales and earnings during 1967, with a record increase in backlog at the end of the year. This division is engaged in research, development and manufacture of sophisticated navigational equipment. Its products include radar, Loran instruments used by ships and aircraft to determine their position, and automatic radio direction finders.

In addition to "Man-Pack," two other new commercial products have been added to Electronic Concepts line during the year: a medium-priced automatic tracking Loran A receiver and another automatic A and C receiver. Production of both of these items began in early 1967 and the sales from them were substantial.

The **Davis Division,** also acquired during the year, gives "Automatic" an entry into the important area of air pollution detection and control. Other major markets are the gas industry — both producing and pipeline companies — and the packaging materials industry.

The division manufactures electronic detectors which signal the presence of combustible, toxic or other gases. The instruments range from small portable models to large custom-made versions. Some models keep continuous records of atmospheric content and activate alarms when gas vapors are detected. The Davis Sulfur Dioxide Monitor in particular has excellent sales volume because of its reputation for reliability and accuracy.

During the year, this division introduced the Davis Flame-O-Tek, designed to detect combustible vapors containing silicons, which are

International Engineering's staff of technical experts provides consulting and engineering service to the Department of Defense, other "Automatic" divisions, and to major electronic companies concerned with the development of precision navigational equipment and guidance and communications systems. Left to right: Carl Matthews, consultant, Elmer Lipsey, president, Richard VanderMuelen, vice president-marketing, A. Clifford Barker, vice president-engineering, and Charles Durham, consultant.

Coast Guardsman on the bridge of a cutter peers through the visor at Loran receiver built by Electronic Concepts division. The visor will soon be obsolete since ECI has developed a new oscilloscope that can be viewed in direct daylight without a hood. The division also makes automatic direction finders and surface-search radar for the Coast Guard, Loran receivers for the Royal Netherlands Navy, and other navigational equipment for military and commercial customers.

now used by many industries in solvents and processing.

Another new instrument introduced during the year is the Davis Valopert, a portable, battery-operated, combustible gas indicator with an audible alarm signal. This instrument sounds a warning when a combustible gas or vapor reaches a pre-determined concentration. The response by the oil, gas and chemical industries has been encouraging.

A promising research area is the development of an analyzer to check automobile exhausts efficiently to be sure they are not contributing to pollution beyond legal limits.

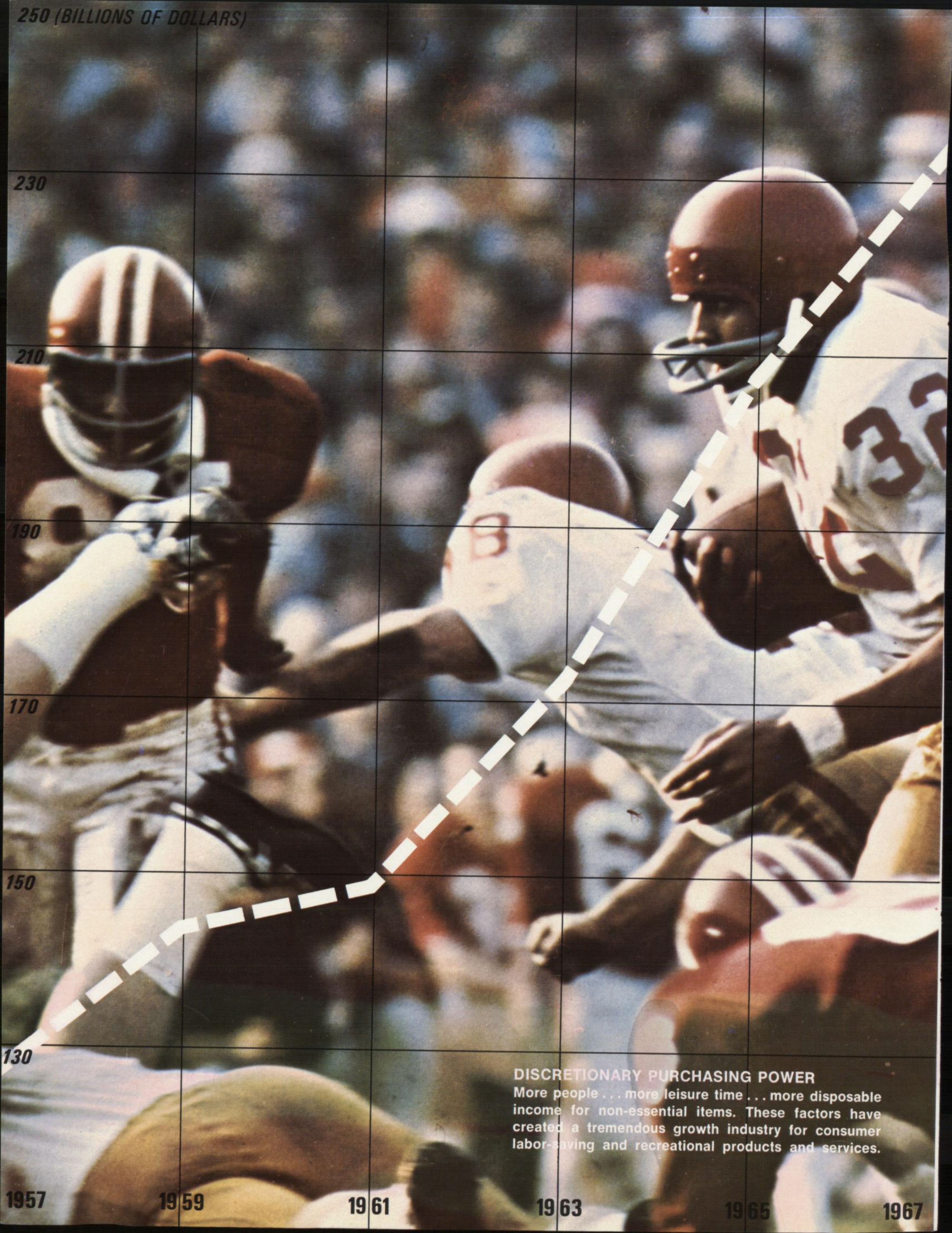
This division should enjoy considerable growth in demand for its products as the need for pollution-control equipment spreads. The Federal government now has a program of grants and aids to municipal and state governments for air pollution control. The money is frequently used to purchase equipment to monitor the pollutants.

In 1968 many states that have not already done so will establish regulations on air quality and use of fuels containing sulfur. Industry will be forced to seek means to control sulfur emission to avoid additional costs of low-sulfur fuels, thus spurring demand for Davis equipment.

The Davis division also produces first aid kits and a line of industrial safety equipment, operations which relate to "Automatic's" Fire Protection, Safety and Security nucleus.

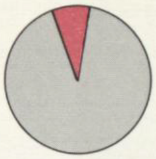
John Zentmeyer, Pres.
Electronic Concepts

Precision microwelding of integrated circuits made by Interstate Engineering has helped establish the division's reputation for quality in the field of electronics.



DISCRETIONARY PURCHASING POWER

More people . . . more leisure time . . . more disposable income for non-essential items. These factors have created a tremendous growth industry for consumer labor-saving and recreational products and services.



◀ *Chart Source: The National Industrial Conference Board.*

growth market 5

CONSUMER-RECREATION PRODUCTS

More Americans are spending more money than ever before, just for fun. American affluence, the miracle of the 20th century, has created an unprecedented demand for recreational equipment.

Today's consumer has placed before him a never-ending array of new, better, and more sophisticated home-use and recreational products. And he has the earning power to purchase them. At the same time, the tremendous increase in leisure time has opened enormous opportunity for recreation-oriented industries.

To capitalize on this opportunity, "Automatic" created a Consumer-Recreation products group in 1967. Several of the company's divisions already were established in this lucrative, fast-growing market. **Safway Steel Products,** for example, manufactures gymnasium and playground equipment, portable bleachers, and telescopic seating for sports arenas and ballparks. **Interstate Engineering** produces recreational vehicles, mobile-home equipment and appliances, trailer, boating, and camping equipment, and a line of vacuum cleaners and floor polishers.

Late in 1967, "Automatic" acquired the $20-million **Rawlings Sporting Goods Company,** a major producer of a broad line of sports equipment. The 70-year-old St. Louis-based company is a leading supplier of uniforms and equipment for teams in the American and National Basketball Associations, the National Football League, and the American and National Baseball Leagues.

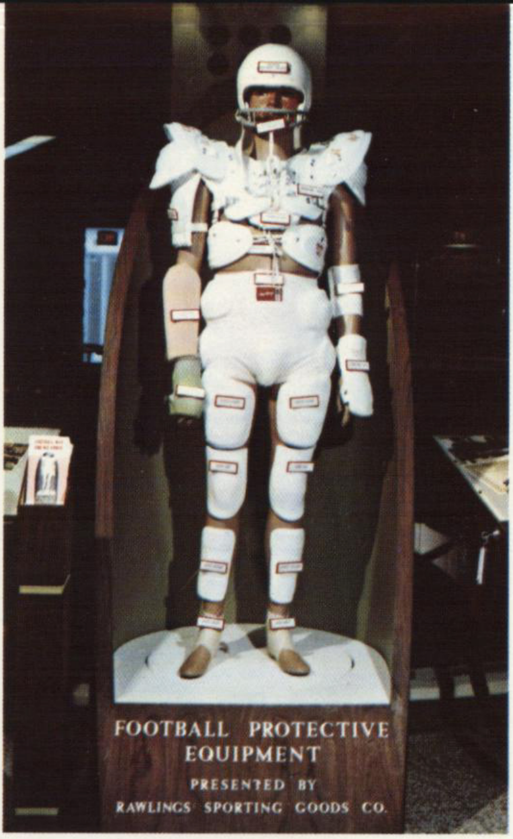
During the past year, Rawlings was also selected to supply uniforms for seven of the 10 teams in the newly formed National Professional Soccer League, and for teams participating in three major college bowl games, including the Rose Bowl. The company also furnishes the red-white-and-blue basketball used in the new American Basketball Association, and for the first time was chosen as a supplier for several National Hockey League teams.

For advice on product development and modification, Rawlings relies on the experts. The division has established advisory staffs of football and basketball coaches, and consults regularly with leading figures in the worlds of tennis, hockey, track and golf. A majority of the major league baseball players wear Rawlings gloves and many of them serve as salesmen for the company as well as advisors. Rawlings' line of golf clubs and tennis rackets are also favorites in professional circles.

For the past 11 years, players selected for major league all-star fielding teams have re-

Slugging Yankee first baseman Mickey Mantle discusses features of Rawlings' hand-hugging new "Fastback" glove with sports executives including Rawlings' president Robert Brown, at far right.

Home is where the trailer is for the fast-growing number of American families who spend their vacations camping. Hadco division of Interstate Engineering is a leading supplier of tent trailers, trailer running gear, brakes, axles, and appliances for this burgeoning market.



This life-size mannequin outfitted in the basic armor worn for safety on the gridiron was donated by Rawlings to the Football Hall of Fame. The company is the nation's leading manufacturer of protective padding for football players.

Robert Brown, Pres.
Rawlings

Peter Zanetti, Pres.
Scott Engineering-Sciences

ceived the Rawlings' Gold Glove Award. Silver gloves are awarded on the same basis in the minor leagues, and in 1967 Rawlings promoted the first all-star fielding award in the Puerto Rico Winter League.

A major new product developed during 1967 was the patented "Fastback"' glove to be introduced this spring. Mickey Mantle is going to bat for the new hand-hugging model, which has been highly praised for its snug-fit and large catching surface by players who have tested it. A new football helmet with exclusive safety features was also developed last year. Called the "Headliner," it combines the best features of padded and suspension helmets to provide maximum protection against brain damage skull fractures, and lacerations of the head, neck, and face. The company believes the new helmet meets all the safety requirements called for by doctors, coaches, players and parents.

Another milestone for Rawlings was the letter of intent signed by the National Football League designating Rawlings as the exclusive licensee for use of its insignia and team names on gridiron equipment.

The camping boom sweeping the country has created a soaring demand for trailer and camping equipment made by **Interstate Engineering's Hadco Divison.** In addition to brakes, axles, and running gear for mobile homes, the division produces its own line of soft-top camping trailers and LPG refrigerators for use in travel trailers and pick-up campers.

Sophisticated modern homemakers are eager buyers of household appliances designed to eliminate drudgery and permit more leisure time to be spent with the family. Interstate Engineering's ruggedly constructed "Compact" vacuum cleaner —equipped with a floor-polisher attachment—is a favorite with young housewives.

Interstate's consumer product operations are not only centered in home fire alarm and smoke detection systems and trailer and camping equipment, but the company is also one of the nation's leading manufacturers of home cleaning systems.

Interstate formerly marketed its "Compact" vacuum cleaner and "Polish-Aire" floor waxer and polisher on a door-to-door referral sales basis. In 1967, however, an adverse court ruling on referral sales forced an immediate halt to this marketing program which had been highly successful for some 15 years. The unforseen changeover to a new sales program caused a severe drop in sales. However, acceptance of the new sales program by distributors, coupled with the excellence of Interstate's products give every indication of a rapid rebound in this division.

Safway Steel Products reports growing acceptance of its seating products for use in gymnasiums, sports arenas, stadiums, and exhibition halls. Its retractable telescopic seating folds back like a deck of cards when not in use to provide maximum space for sports events or exhibits. When needed, it slides out, row by row, extending to a full-size bleacher section.

A unique folding basketball backboard marketed for the first time in 1967 is expected

to strengthen Safway's position in the seating-products field since the backboards are often sold as part of a package with gymnasium seats.

The addition of 14,000 square feet to the company's Rochester, Ind. plant now provides facilities for manufacturing the new backboard and for expanded production of the company's recently introduced line of permanent grandstands.

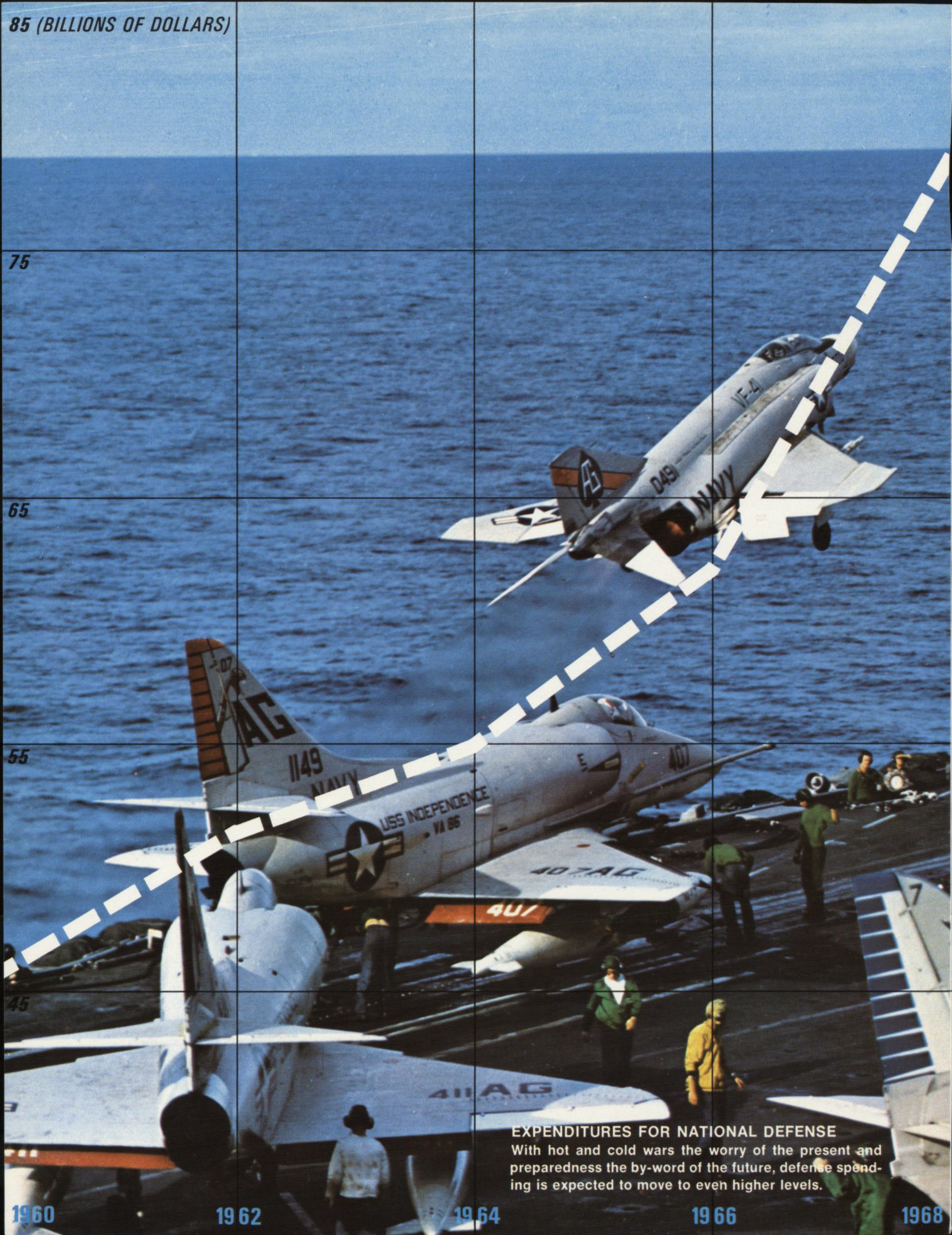
Safway also markets swings, climbers, and other playground equipment for use in schools, parks, motels, and other recreational areas.

With the combined capabilities of Rawlings, Interstate and Safway, "Automatic" is now in a position to develop its Consumer-Recreation group into a full-line national leader in the fields of recreational, leisure-time, and consumer products.

The company has also established a strong position in the educational field through **Scott Engineering Sciences Division,** which manufactures and markets a total of 22 bench-top laboratory "learning" systems for vocational schools and other educational institutions. Introduction of five new systems resulted in a substantial sales increase for the division last year.

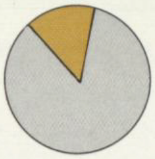
Telescoping bleacher sections manufactured by Safway provide additional seating capacity for a wide variety of athletic and other events in the gymnasium of Ball State College in Indiana. Safway also makes basketball backboards, retractable backstops, and gymnasium and playground equipment.

Smartly uniformed Advance guards are familiar figures at sporting events throughout the country. Personnel employed as guards receive thorough training in the handling of crowds, first aid, and fire-control procedures.



EXPENDITURES FOR NATIONAL DEFENSE

With hot and cold wars the worry of the present and preparedness the by-word of the future, defense spending is expected to move to even higher levels.



growth market ⑥

DEFENSE SYSTEMS AND MATERIEL

Baifield's "Mule," a lightweight, low-profile Army utility vehicle, comes equipped with a swing-type steering assembly to enable operators to maneuver it over rugged terrain from a standing, sitting, crouching, crawling, or kneeling position.

The United States Government is the world's biggest customer and its budget for defense spending — as the opposite page dramatically illustrates — continues on a sharp upward curve. The plain fact is that sound defense planning and production capability is the byword of the future.

"Automatic" Sprinkler entered the defense business in mid-1967, cognizant of two other important facts: a) the defense industry continues to face the same problems of technological obsolescence as modern day industry and, b) research and development efforts associated with defense projects produce tremendous technology for industrial use which leads to major new commercial and consumer products.

By the end of 1967, "Automatic" had several divisions involved in the defense business but had also established a policy that no more than 15% of total corporate sales were to come from this area. Those divisions in defense work included **Baifield Industries,** a major defense contractor; **Interstate Engineering,** a prime contractor on the Polaris-Poseiden missile contract; **Electronic Concepts** and its "Man-Pack" project; **International Engineering,** the consulting group offering technical assistance on a number of defense programs; and **Scott Aviation,** which supplies breathing apparatus for pilots forced to eject at high altitudes. These operations are described in some detail in the section on Electronic Instrumentation.

Baifield, however, is the only "Automatic" division devoted exclusively to military production, and this organization has been moving more into the weapons arsenal and military training type products than into a totally Viet Nam-dependent product line.

While 1967 sales were actually heavily supported by the "Snakeye" air-to-ground bomb guidance system used in the Southeast Asia conflict, 1968 sales include a substantial increase in newer items not as directly related to the war effort. Among these are the "Mule" utility vehicle, a special-purpose 105 MM cartridge case and certain missile components.

Continuing emphasis was placed on strengthening Baifield management capability during the year. A number of key management people were added in areas of production, finance, procurement and industrial relations. The division believes that the programs initiated in 1967 will permit it to handle more effectively the growth expected in the future.

James Upfield, Pres.
Baifield Division

Pilots forced to eject at high altitudes receive oxygen supply from Scott Aviation equipment. Downed airmen are quickly located and rescued with the aid of sophisticated electronic navigational devices developed by International Engineering.

◀ *Chart Source: Budget of U.S. Government, Executive Office of the President, Bureau of the Budget.*

Consolidated Balance Sheets December 31, 1967 and 1966

"Automatic" Sprinkler Corporation of America and Subsidiaries

Assets

	1967	1966 Restated (Note 2)
Current assets:		
Cash, including time deposits of $7,275,000 in 1967 and $5,805,000 in 1966	$ 12,134,000	$ 9,184,000
Marketable securities, at cost	—	265,000
Accounts and notes receivable, less allowance for uncollectible accounts of $1,237,000 in 1967 and $1,007,000 in 1966	43,472,000	31,561,000
Cost of uncompleted contracts, net of advance payments of $12,332,000 in 1967 and $6,814,000 in 1966	9,395,000	5,612,000
Manufacturing inventories, at cost (part at last-in, first-out, and part at first-in, first-out), not in excess of market	44,640,000	33,533,000
Prepaid expenses	1,783,000	1,284,000
Total current assets	$111,424,000	$ 81,439,000
Other assets:		
Investment, at cost (Note 10)	$ 8,840,000	$ —
Real property not used in business	2,476,000	183,000
Other	2,798,000	2,197,000
	$ 14,114,000	$ 2,380,000
Property, plant and equipment, at cost, less accumulated depreciation of $15,160,000 in 1967 and $11,265,000 in 1966	$ 30,171,000	$ 23,611,000
Patents, at cost, less amortization	$ 2,426,000	$ 2,010,000
	$158,135,000	$109,440,000

The accompanying notes are an integral part of these statements.

Liabilities and Shareholders' Equity

	1967	1966 Restated (Note 2)
Current liabilities:		
Notes payable	$ 16,729,000	$ 19,791,000
Current maturities of long-term debt	3,065,000	1,630,000
Accounts payable	18,011,000	17,038,000
Accrued liabilities	8,494,000	6,054,000
Accrued Federal income taxes	2,131,000	4,178,000
Total current liabilities	$ 48,430,000	$ 48,691,000
Long-term debt (Note 4)	$ 62,047,000	$ 18,435,000
Deferred Federal income taxes	$ 845,000	$ 635,000
Shareholders' equity:		
Preferred and preference shares, at par or stated value, liquidation preference $31,037,000 at December 31, 1967 (Note 6)	$ 10,530,000	$ 14,154,000
Common shares, 10 cents par value, authorized 9,000,000 shares, outstanding 5,289,131 shares in 1967 and 5,099,080 shares in 1966 (Notes 5 and 6)	529,000	510,000
Capital surplus	7,023,000	5,364,000
Retained earnings (Note 4)	28,731,000	21,651,000
	$ 46,813,000	$ 41,679,000
	$158,135,000	$109,440,000

Consolidated Statements of Income for the years ended December 31, 1967 and 1966

"Automatic" Sprinkler Corporation of America and Subsidiaries

	1967	1966 Restated (Note 2)	1966 Previously Reported
Net sales	$242,327,000	$195,911,000	$ 90,655,000
Costs and expenses (including depreciation of $3,688,000 in 1967 and $2,853,000 in 1966):			
Cost of sales	$187,156,000	$146,213,000	$ 64,895,000
Selling, general and administrative expenses	37,768,000	30,412,000	16,655,000
Interest expense	3,505,000	2,146,000	1,118,000
Other (income), net	(760,000)	(708,000)	(186,000)
	$227,669,000	$178,063,000	$ 82,482,000
Income before provision for taxes on income	$ 14,658,000	$ 17,848,000	$ 8,173,000
Provision for taxes on income (Note 3)	5,465,000	7,039,000	3,748,000
Net income	$ 9,193,000	$ 10,809,000	$ 4,425,000
Per common share	$1.43	$1.75	$1.15
Per common share assuming exercise of stock options and a warrant and conversion of all convertible securities	$1.41	$1.67	$1.06

The accompanying notes are an integral part of these statements.

"Automatic" Sprinkler Corporation of America and Subsidiaries

Consolidated Statements of Capital Surplus
for the years ended December 31, 1967 and 1966

	1967	1966 Restated (Note 2)
Balance beginning of year, as restated (Note 2)	$ 5,364,000	$ 4,669,000
Proceeds in excess of par value of common shares issued under stock options and warrants	131,000	36,000
Par or stated value of convertible preferred and preference shares in excess of par value of common shares issued upon conversion	1,907,000	—
Transactions applicable to pooled companies, prior to dates of pooling	(326,000)	659,000
Other	(53,000)	—
Balance end of year	$ 7,023,000	$ 5,364,000

Consolidated Statements of Retained Earnings
for the years ended December 31, 1967 and 1966

	1967	1966 Restated (Note 2)
Balance beginning of year, as restated (Note 2)	$21,651,000	$13,104,000
Net income	9,193,000	10,809,000
Dividends declared:		
Preferred and preference shares	(616,000)	(285,000)
Common shares	(488,000)	(360,000)
Transactions applicable to pooled companies, prior to dates of pooling	(1,009,000)	(1,199,000)
Transfer to common shares in connection with 5-for-2 split	—	(207,000)
Excess of purchase price over par value of common shares repurchased	—	(211,000)
Balance end of year (Note 4)	$28,731,000	$21,651,000

The accompanying notes are an integral part of these statements.

Consolidated Statement of Source and Application of Funds
for the year ended December 31, 1967

"Automatic" Sprinkler Corporation of America and Subsidiaries

Source of funds:	
Net income	$ 9,193,000
Depreciation and amortization	3,688,000
Total from operations	$12,881,000
Proceeds from exercise of stock options	132,000
Proceeds from sale of capital stock by companies prior to dates of pooling	553,000
Sale of 4⅜% Convertible Subordinated Debentures	25,000,000
Increase in other long-term debt, net	15,232,000
Working capital acquired in purchase of companies	9,457,000
	$63,255,000
Application of funds:	
Purchase of companies	$10,089,000
Purchase of fixed assets, net	8,852,000
Purchase of stock of United States Pipe and Foundry Company, Incorporated	8,840,000
Increase in long-term receivables, patents and other assets, net	2,202,000
Dividends declared	1,104,000
Dividends and other transactions of companies prior to dates of pooling	1,869,000
Other	53,000
	$33,009,000
Net increase in working capital	$30,246,000

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

"Automatic" Sprinkler Corporation of America and Subsidiaries

1. ACQUISITION OF GEO. J. MEYER MANUFACTURING CO.

In December, 1967, the Company signed an agreement of merger with the Geo. J. Meyer Manufacturing Co. Under the agreement, the Company will issue common shares having a market value of $50 for each Meyer share outstanding, based upon the closing price of "Automatic" common shares on the New York Stock Exchange during the fifteen calendar days preceding the effective date of the merger, but in no event less than one common share for each Meyer share outstanding on the effective date.

The agreement is subject to approval by two-thirds of the Meyer shareholders and a majority of the "Automatic" shareholders.

At December 31, 1967, there were approximately 720,000 Meyer shares outstanding.

2. PRINCIPLES OF CONSOLIDATION AND ACQUISITIONS

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated. The 1966 consolidated financial statements have been restated to include the accounts of companies acquired during 1967 in pooling of interest transactions. The results of operations of purchased businesses have been included since acquisition.

3. FEDERAL AND PUERTO RICAN TAXES ON INCOME

The Internal Revenue Service has under review the Federal income tax returns of a pooled company for the fiscal years 1960 through 1963. The Company was informed the Service may claim that an undetermined amount of earnings of their Puerto Rican subsidiaries for such years should be reallocated to the Company. In such event, it is possible that a similar reallocation may be made for subsequent years, and that substantial claims of income tax deficiencies for the years 1960 through 1967 could result. The earnings of the Puerto Rican subsidiaries approximated $9,300,000 for the years 1960 through 1967. No provision has been made for possible taxes payable in the event of reallocation of this income. The additional taxes which may result from reallocation of income for these years is not presently determinable, but any such claims would be contested.

Ten-year income tax exemptions were granted by the Commonwealth of Puerto Rico to four subsidiaries with operations in Puerto Rico. Under these exemptions (two have expired and two will expire in 1969), the Puerto Rican subsidiaries had net income of $2,106,000 in 1967 and $2,299,000 in 1966 on which no significant Federal or Puerto Rican income taxes were paid.

4. LONG-TERM DEBT

Long-term debt at December 31, 1967 and 1966, consisted of:

	1967	1966
5¾% Sinking fund notes	$ —	$ 5,000,000
6⅜% Sinking fund notes due 1970 to 1981	6,700,000	—
Term loan payable to banks in quarterly installments of $500,000	9,000,000	—
Notes payable to banks, due September, 1969	14,750,000	4,750,000
5½% Notes payable in quarterly and semiannual installments to 1978	1,750,000	3,498,000
2½%-7% Mortgage notes due 1968 to 1986	4,715,000	3,017,000
4⅜% Convertible subordinated debentures due 1987	25,000,000	--
6% Subordinated note payable in annual installments to 1973	2,043,000	2,243,000
Other	1,154,000	1,557,000
	$65,112,000	$20,065,000
Less—Current maturities	3,065,000	1,630,000
	$62,047,000	$18,435,000

The term loan bears interest at 1% above the prevailing prime rate. The notes payable in September, 1969, bear interest at ⅞% to 1% above the prevailing prime rate.

The debentures are convertible into one common share for each $59 of principal amount and are redeemable, in whole or in part, at the Company's option, at 104.375 until July 1, 1968, and at declining premiums thereafter until maturity. Commencing July 1, 1977, and each year thereafter until maturity, the Company is required to pay into a sinking fund an amount equal to 6⅔% of the principal amount of debentures outstanding on July 1, 1976.

The various loan agreements provide, among other things, that the Company shall (1) maintain consolidated working capital of not less than $30,000,000; (2) maintain minimum ratios of net tangible assets to senior funded debt and to total funded debt; (3) not incur additional short-term debt in excess of $10,000,000 at any one time outstanding and be free from short-term debt for a period of 45 consecutive days during the twelve months preceding the incurrence of additional short-term debt (compliance with these provisions at December 31, 1967, has been waived by the applicable lending institutions); (4) and not pay cash dividends in excess of certain specified amounts.

Retained earnings of $1,332,000 was not restricted as to payment of cash dividends on common shares as of December 31, 1967.

5. WARRANTS AND OPTIONS

Under a qualified stock option plan approved by the shareholders, 143,125 common shares were reserved for the granting of stock options. The Board of Directors has approved an amended plan which, subject to approval by the shareholders, increases the shares reserved for the granting of options to a total of 300,000. Under the plan, options are granted at a price equal to the fair market value of the shares at the time of grant and are exercisable in five equal annual installments commencing one year from the date of grant. At December 31, 1967, options for 109,974 common shares were outstanding at prices ranging from $.80 to $62.75 per share (aggregate option price $2,537,000), and, under the amended plan, 166,050 shares were available for granting of options. During 1967, options for 41,325 common shares were granted, options for 12,228 common shares were exercised and options for 17,873 common shares were canceled.

At December 31, 1967, a warrant to purchase 153,125 common shares at $.60 per share was outstanding. The warrant is exercisable on or before December 31, 1970.

6. CAPITAL SHARES

Preferred and preference shares at December 31, 1967 and 1966, consisted of:

	1967	1966
6% Senior preferred shares, $100 par value, authorized and outstanding 17,000 shares at December 31, 1966	$ —	$ 1,700,000
Serial preference shares, $100 par value, authorized 123,000 shares —		
First series, 6%, issued 27,732 shares	2,773,000	2,773,000
Second series, 5%, issued 7,500 shares	750,000	750,000
Third series, 5%, issued 17,500 shares	1,750,000	1,750,000

Preference shares, $1 par value, authorized 1,000,000 shares—		
First and second series, convertible, $5 dividend, outstanding 255,411 shares—1967 and 278,788 shares—1966, stated at	5,034,000	6,181,000
6% Convertible preferred shares, $100 par value, authorized 10,000 shares, outstanding 2,230 shares—1967 and 10,000 shares—1966	223,000	1,000,000
	$10,530,000	$14,154,000

The serial preference shares, first series, 6%, are redeemable at the option of the Company anytime after 1971, with a premium to 1982. The second series, 5%, are redeemable anytime after 1969, and the third series, 5%, anytime after 1972, without premium. All of the shares have voting rights. The Board of Directors is authorized to amend the Articles of Incorporation to create one or more additional series of serial preference shares, to fix or change certain express terms of such shares and to issue such shares in one or more series.

All preference shares, one dollar par value, have voting rights and are on a parity with the serial preference shares with respect to dividends and liquidation preference. The first and second series are convertible into common shares at the respective rates of 3.48 and 2.50 common shares for each preference share. The terms of both series provide for redemption by the Company at anytime after five years from the date of issue at $100 per share. During 1967, 23,377 shares of first series, convertible, were converted into common shares.

The 6% convertible preferred shares are redeemable in whole or in part at the option of the Company at 106% if redeemed after 1970 and with descending premiums thereafter prior to 1982 and at 100% thereafter. They are convertible at a rate of one common share for each $10.40 par value of convertible preferred shares. During 1967, 7,770 shares were converted into common shares.

As of December 31, 1967, the Company had reserved 1,563,789 common shares under the stock option plan, a stock purchase warrant and the conversion rights of convertible senior securities.

7. PENSION PLANS

The Company has numerous pension plans covering the majority of its employees. Total pension expense was $1,014,000 for 1967 and $860,000 for 1966, which includes, generally, amortization of prior service costs over 20 years. The Company's policy is to fund pension costs accrued. The actuarially computed value of vested benefits for all plans as of December 31, 1967, was not materially in excess of the total of the pension funds and balance sheet accruals, net of pension prepayments and deferred charges. The estimated unfunded prior service cost was approximately $3,300,000 at December 31, 1967.

8. LEASES

The Company occupies certain facilities under various leases with aggregate annual rentals of approximately $1,300,000. Total obligation under the leases, which expire at various dates through 1987, is approximately $9,700,000.

9. CONTINGENT LIABILITIES

The Company has agreements with various financial institutions whereby certain contract receivables are sold on a limited or full recourse basis. At December 31, 1967, the Company was contingently liable for approximately $3,100,000 under these agreements. No material losses were sustained from these agreements during 1967 and management believes that no future material losses will result from these agreements.

10. UNITED STATES PIPE AND FOUNDRY COMPANY, INCORPORATED

At December 31, 1967, the Company owned 341,000 shares of common stock (9.6% of total outstanding) of United States Pipe and Foundry Company, Incorporated ("U. S. Pipe") which it had acquired in transactions on the New York Stock Exchange at a cost of $8,840,000 (quoted market value $9,676,000 at February 16, 1968). Representatives of the Company have discussed with officers of U. S. Pipe an interest in acquiring that company, but no negotiations are presently being conducted and no offer has been made.

In February, 1968, U. S. Pipe sued the Company in the Federal District Court for the Northern District of Alabama alleging that the Company's acquisition of U. S. Pipe common stock and its proposed acquisition of additional common stock violated various Federal antitrust and securities laws. U. S. Pipe has asked that the Court enjoin the Company from voting U. S. Pipe shares owned by it and from acquiring additional shares and require that the Company divest itself of shares owned by it.

Based on information presently available, it is the opinion of legal counsel for the Company that the plaintiff's claims are without merit.

auditors' report

To the Board of Directors and Shareholders
"Automatic" Sprinkler Corporation of America:

We have examined the consolidated balance sheets of "AUTOMATIC" SPRINKLER CORPORATION OF AMERICA (an Ohio corporation) AND SUBSIDIARIES as of December 31, 1967, and 1966, the related consolidated statements of income, capital surplus and retained earnings for the two years then ended, and the consolidated statement of source and application of funds for the year ended December 31, 1967. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of certain pooled companies for 1966 were not examined by us, but we were furnished with the reports of other auditors thereon.

The Internal Revenue Service has under review the Federal income tax returns of a pooled company for the years 1960 through 1963. The company was informed the Service may claim that an undetermined amount of profits of their Puerto Rican subsidiaries for such years should be reallocated to the company. As discussed in Note 3 to the consolidated financial statements, in such event, it is possible that a similar reallocation may be made for subsequent years and that substantial claims of income tax deficiencies for the years 1960 through 1967 could result. The additional taxes which may result from reallocation of income for these years is not presently determinable, and no provision for any additional tax liability has been made in the accompanying consolidated financial statements.

In our opinion, based upon our examination and the reports of other auditors, and subject to the outcome of the income tax matter discussed in the preceding paragraph, the above mentioned financial statements present fairly the financial position of "Automatic" Sprinkler Corporation of America and Subsidiaries as of December 31, 1967 and 1966, and the results of their operations for the two years then ended and the source and application of funds for the year ended December 31, 1967, in conformity with generally accepted accounting principles consistently applied during the periods.

Cleveland, Ohio,
February 16, 1968.

ARTHUR ANDERSEN & CO.

major product lines of "Automatic" divisions

Fire Protection, Safety and Security

"AUTOMATIC" SPRINKLER
Complete fire protection sprinkler installations • Special hazard fire protection installations • Sprinkler heads • Iron valves and fittings • Control consoles • Smoke, heat, rate-of-rise and ultraviolet combustion detection equipment • Alarms and activating devices.

AMERICAN LA FRANCE
Fire engines, aerial platforms, airport rescue vehicles • Fire extinguishers • Chemical rechargers • Fire hose • Breathing apparatus and protective clothing • Brass goods • Custom-designed fixed fire extinguishing systems for special hazards.

BADGER FIRE EXTINGUISHER
Complete line of portable water, CO_2 soda acid, foam, and dry chemical extinguishers.

BLAZE GUARD
Complete line of municipal, industrial, and linen fire hose • Couplings.

POWHATAN BRASS & IRON WORKS
Standpipe connections • Industrial and commercial fittings • Couplings and fog nozzles • Fire truck accessories • Brass ground key stops for gas, water and steam.

SCOTT AVIATION
High-altitude oxygen-regulating devices • Portable and fixed oxygen-regulation devices • Cannister-type gas masks • Survival kits • Self-contained breathing apparatus • Light aircraft accessories • Solid-state oxygen.

"AUTOMATIC" VANDALARM
Audio-actuated intrusion detection devices • Burglar alarms • Portable holdup alarms • Automatic telephone reporting devices • Equipment monitoring systems.

ADVANCE INDUSTRIAL SECURITY
Complete security systems, equipment, and personnel for business, industry, and government • Guards and watchmen • Industrial and business investigative service.

Fluid Controls and Hydraulics

WARD HYDRAULICS
Hydraulic cylinders • Fluid controls • Vehicle-mounted cranes • Log-loading machinery

"AUTOMATIC" PROCESS PIPING
Design, fabrication, and installation of industrial piping and process equipment • Heating, ventilating, air conditioning and plumbing systems.

FEE & MASON
Rigid and movable pipe hangers and fittings • Engineered pipe suspension systems, including clamps, support rods, hangers and springs • Design and fabrication of pipe-suspension components for plumbing, heating, air conditioning and process piping systems.

GENERAL FITTINGS
Broad line of hydronic heating devices • Built-in boiler coils • External water heaters • Pressurized expansion tanks and air control packages • Water hammer arresters • Heating specialty flow fittings • Steam and hot water shell and tube-type converters and instantaneous water heaters • Fuel oil heaters and pre-heaters.

SCOTT ENGINEERING SCIENCES
Equipment and systems for technical education.

Labor Reduction

KERSEY MANUFACTURING
Battery-powered rubber-tired mining tractors, trailers, personnel carriers and other vehicles • Battery-powered fire trucks for mining industries.

SAFWAY STEEL PRODUCTS
Metal scaffolding for construction • Portable bleachers, gymnasium seats and risers • Telescoping chair riser • Playground and gymnasium equipment • Light and medium contractor's equipment • Heavy-duty concrete shoring.

HYDRAXTOR
Integrated laundry-processing systems • Extractors • Washers • Small-piece folding equipment • Sorting and counting equipment • Feeding devices for ironers • Production recorders • Stacker-receivers • Lint traps.

ESSICK
Tandem tow-type and self-propelled vibrating rollers • Plaster and mortar mixers • Water pumps • Material pumps • Concrete mixers • Air compressors • Plastering machines • Deadweight road rollers • Evaporative air coolers • Commercial and industrial air make-up heating and cooling equipment.

T. L. SMITH
Automated bulk material handling, storage, proportioning, mixing and hauling systems • Mixers • Batchers • Belt conveyors • Bucket elevators • Turbine mixers • Truck mixers • Tilter mixers • Automated machinery for commercial laundries, including washers, extractors and driers.

Electrical and Electronic Instrumentation

INTERSTATE ENGINEERING
Develops and produces sophisticated missile instrumentation systems and tracking devices • Digital computers • Circuitry • Trailer running gear • Tent trailers, axles, brakes, and appliances • Residential smoke detectors and fire alarms • Vacuum cleaners • Floor polishers • Home-cleaning systems • Instrumented buoy systems • Oceanographic research and instrumentation.

INTERNATIONAL ENGINEERING
Consulting and engineering service to business and government for development of navigational systems and communications equipment.

DAVIS EMERGENCY EQUIPMENT
Gas masks and respiratory devices • Fire blankets • Protective hats • Portable and continuous monitoring gas analyzers • Combustible and toxic gas analyzers and alarms • Air pollution detection and control equipment • Broad line of safety equipment • First aid kits and unit dressings.

ELECTRONIC CONCEPTS
Research, design, and manufacture of navigational equipment for military and commercial use including radar, loran, automatic direction finders.

Consumer – Recreation

RAWLINGS SPORTING GOODS
Full line of sports equipment • Baseball gloves and baseballs • Footballs and football equipment • Basketballs and basketball equipment • Soccer equipment • Uniforms • Jackets • Shoes • Boxing equipment • Badminton equipment • Golf equipment and accessories • Hockey equipment • Tennis and track equipment • Wrestling equipment.

Defense Systems and Materiel

BAIFIELD INDUSTRIES
Retarding fins for "Snakeye" bomb • Reel launchers for launching and towing targets • Fins and wings for the Talos missile • Wing pylons for the F-105 aircraft • Airframes for the Asroc missile • "Mule" utility vehicle • Weapon dispenser and demolition kits • Cartridge cases.

the board of directors

"Automatic" Sprinkler's board of directors is, in every sense, a working board. Meeting once each month, the directors not only contribute their broad knowledge to operating problems and financial matters, but their record of help in sales, personnel and acquisitions has also been outstanding.

The board is comprised of 13 members, all of whom are outside directors except for three company officers: Harry E. Figgie, Jr., chairman and president; John J. Power, Jr., president of "Automatic" Sprinkler division; and James J. Gilligan, vice president-finance. The 10 outside members are:

Daniel T. Carroll
Vice president and regional managing officer, Booz, Allen & Hamilton, Inc.

Dale S. Coenen
President, Coenen & Company; director of Bishop Industries, Inc., Brooks & Perkins, Inc., and Frost & Sullivan, Inc.

F. S. Cornell
Retired executive vice president and general manager, A. O. Smith Corp.; director of A. O. Smith, Briggs & Stratton, and W. C. Heath, Inc.

E. M. de Windt
President and director of Eaton, Yale & Towne, Inc.

Jack O. Doerge
President, Saunders, Stiver & Co.; director of Bonne Bell, Inc., Clark-Reliance Corp., Rochester Capital Leasing Corp.; board of governors, Investment Bankers' Association.

George R. Herzog
Retired chairman of the board, Union Commerce Bank; director of Airport Parking Company of America, Inc., Builders Structural Steel and Burdett Oxygen Co.

John E. Koster
Retired senior vice president, Interstate Engineering; director of Certron Corp.

Russ W. McFall
Chairman and president of Western Union Telegraph Co.; director of Home Life Insurance Co. and the Armed Forces Communications and Electronics Association.

Hans Ulrich Rinderknecht
Chairman, Cosmos Bank; director of Cosmos American Corp., Cosmos Bank, Brunswick, Ltd., Crown-Zellerbach, Ltd., and Hertz International.

Harper Sibley Jr.
President, Sibley Corp., Dietrich Sibley Agency, Inc.; director of Western Union Telegraph, Central Trust Co., and Republic National Bank of New York.

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Hans Ulrich Rinderknecht

Harper Sibley, Jr.

Directors of "Automatic" Sprinkler Corporation of America startled Wall Street onlookers on October 2, 1967 by arriving for New York Stock Exchange ceremonies aboard an American LaFrance Aerochief. Clockwise, Harry E. Figgie, Jr., Harper Sibley, Daniel Carroll, Dale Coenen, Jack Doerge, John Power, Jr., and James Gilligan. ▶

STOCK EXCHANGE
EXCELSIOR
H&L. Co.
1
No 1
MIDDLETOWN, NEW YORK
Organized August 1,1858
"Automatic" Sprinkler
CORPORATION OF AMERICA
...ATO
Arrives on the
New York Stock Exchange

"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA
55 Public Square, Cleveland, Ohio 44113